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Algonquin Forestry Authority

Annual Report 1975-1976

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Ministry of
Natural
Resources

Ontario

TO HER HONOUR,
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present to your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1975, and ending March 31, 1976.

Leo Bernier

LEO BERNIER
Minister

Algonquin
Forestry
Authority

Honourable Leo Bernier,
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1975, and ending March 31, 1976.

V. J. Nordin

V.J. NORDIN
Chairman

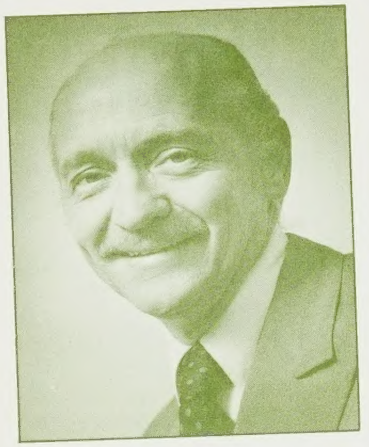


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Chairman's foreword

The Chairman and Board of Directors of the Authority took responsibility for the start-up period of three months, January 1 to March 31, 1975. Two of the decisions taken by the Board during this time included locating the operational head office at 11 Main Street in Huntsville and selecting the General Manager, Mr. I.D. Bird, whose appointment became effective April 1, 1975. This report, therefore, summarizes the first full year of the Authority under the operational direction of the General Manager.

During the year, the Board met on 8 occasions; three meetings were convened at Huntsville and one each at Pembroke, North Bay, Lake of Two Rivers, Dorset and Sundridge. These meetings provided opportunities for the Board to examine a variety of forest industries at first hand and to confer with key personnel of agencies in both the private and public sectors.

The Board met with the forest industries in the locale of Board meetings and a special conference was arranged with all the major industries dependent upon Park timber resources. A joint field meeting was held with the Provincial Parks Advisory Council to provide an opportunity for the Board and the Council to review harvesting activities in the Park. Effective liaison exists between the Authority and the Council because the Authority Chairman is a member of the Council and the Chairman of the Council is a member of the Board of the Authority. In addition to regular reporting procedures, quarterly meetings and reports were initiated to provide opportunities for the Chairman and General Manager to keep the Minister informed of significant Authority issues and developments. The results of these activities in relation to the Board itself, on the forest industries, on Ministry staff, and on the general public have been beneficial.

Throughout the year, members of the Board participated in numerous radio, television, and press interviews and spoke and conferred on several occasions on the activities of the Authority. A popular brochure outlining the aims and objectives of the Authority was mass produced for distribution to the general public. An arrowhead logo was also designed as an aid to identifying Authority programs.

These activities are important to the public understanding of timber harvesting operations as one of several multiple-use activities within the Park Resource Management Program. Such information presentations will be continued to provide rational and objective reviews of Authority progress towards its objectives.

The establishment of a new venture in an atmosphere of apprehension and controversy requires a high degree of understanding and patience from all concerned agencies. The successful year of the Authority recorded in this report is a reflection of the excellent support and collaboration of the Minister of Natural Resources and his staff, the forest industries, as well as other agencies and individuals too numerous to identify who support the multiple-use concept of Park resources.

Credit for this first year of successful operation must go to the members of the Board for their diligence and dedication and, in particular, to I.D. Bird, the General Manager, and his new key staff.

In this commendable climate of collaboration, I look forward to the Authority continuing the effective undertaking of its mandate in the best interests of the citizens of Ontario.

V.J. Nordin,
Chairman

Directors



W. McNab,
Vice-Chairman



G.B. Abdallah
Pembroke, Ontario



G. Godwin,
St. Catharines, Ontario



A.L. Lock,
Dorset, Ontario



G.B. Priddle
Waterloo, Ontario



B.A. Reynolds,
Hensall, Ontario



F.K. Roberts,
Toronto, Ontario



H.J. Searson,
Egansville, Ontario



W.E. Smith,
Prawassan, Ontario



Introduction

Timber harvesting has been conducted in Algonquin Provincial Park since its establishment in 1893. The timber harvest contributes about $100 million annually to the Province's economy through logging; primary manufacturing in sawmills, veneer mills and pulp mills; secondary manufacturing in the woodworking, plywood and furniture industries. The forest industry supplied by Algonquin Park timber comprises twelve sawmills, five veneer mills, one pole plant and one pulp mill, which are wholly or partly dependent on this vital source of raw material.

The Ontario Government established the Algonquin Forestry Authority on January 1, 1975 in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority's operations are being conducted in conformity with the Algonquin Provincial Park Master Plan, thus balancing the public interest in the quality of the Park for recreation with the need to maintain an adequate supply of logs to mills dependent on Park timber.

Objectives

The Authority's objectives are defined in the Algonquin Provincial Park Master Plan, published by the Ministry of Natural Resources in 1974: The Authority functions as a Crown Corporation, harvesting forest products and supplying them to the manufacturing facilities currently dependent upon supplies from the Park. The Authority carries out all road construction, silvicultural activities and cutting of trees prescribed by the Ministry. The role of this agency is therefore operational in nature with a commercial service orientation.

Given the volume of forest products it may harvest annually and the social and environmental constraints which the Minister determines, the Authority operates as efficiently and effectively as possible to produce its products at minimum cost for sale to manufacturing centres.

Licenses held by a total of twenty companies have been cancelled and replaced by a volume agreement issued by the Ministry to the Algonquin Forestry Authority. As an initial target, the average level of harvesting of 15 to 17 million cubic feet of wood each year is not to be exceeded during the period of plan review from 1975 to 1979. This consists primarily of sawlogs and veneer. With improved markets, additional quantities of low grade wood may be produced through fuller utilization. The average level of harvesting is lower than the sustainable yield on the portion of the Algonquin forest zoned as harvesting/recreation.

The Board of Directors of the Authority determines appropriate strategies by which the agency meets its objectives. It also prescribes operational practices and procedures in administrative areas not prescribed by the Ministry. The Board supervises the affairs of the Authority to assure its efficiency and effectiveness and advises the Minister on new policies or objectives which it feels may warrant adoption.

The Authority conducts logging operations through the use of local contractors and pays normal stumpage, forest protection and forest management charges. It carries out silvicultural and special project work as directed by the Ministry.

Master plan implementation

Multiple-use activities in Algonquin Provincial Park are conducted in accordance with the Master Plan, which proposes implementation of various measures intended to maximize the benefits of multiple-use. The Authority is pleased to report that all of the Master Plan measures applicable to the timber harvesting aspect of multiple-use were fully implemented in 1975-76, the first full year of operations under the Plan.

No additional road crossings of canoe routes were required inside Algonquin Park for 1975-76 logging operations. One temporary crossing was installed in McCraney Township, adjacent to the Park. This portable bridge was removed from the site during the canoeing season. One temporary hiking trail crossing in Hunter Township was used during the winter. The Authority and its contractor participated in crossing design and in subsequent rehabilitation, ensuring protection of recreational values.

Operations

(1) HARVESTING: Harvesting operations were conducted by twelve former licensees under Third Party Agreements with the Authority ratified by the Minister. Weather and labour conditions were generally favourable throughout the year, although the advantage of an early spring and ideal summer were offset by a wet fall and late freeze-up. Operations were unaffected by forest fires in spite of the high fire hazard which prevailed throughout the season.

SUMMARY 1975-76 PRODUCTION (CUNITS)

	HARVEST	ALLOCATION	OVER/(UNDER)
Hardwood Logs	59,960	69,532	(9,572)
Softwood Logs and Poles	63,540	46,636	16,904
Pulpwood	13,516	35,000	(21,484)
ALLOCATED PRODUCTION	137,016	151,168	(14,152)
Salvage Production	4,790	—	—

Allocated harvest was 137,016 cunits of the combined total allocation of 151,168 cunits. Hardwood log production under-ran allocated volume by 9,572 cunits due to soft markets for hardwood lumber and the lack of suitable hardwood veneer material within utilization standards prevailing in veneer mills supplied. Over-run of 16,904 cunits in softwood logs and poles reflects

the strength of the pine lumber market and the high level of demand for hemlock construction timber related to the James Bay Hydro and Olympic Games construction projects. Pulpwood under-run of 21,484 cunits resulted from prolonged strikes in the pulp and paper industry. These variances reflect economic and forest stand conditions and are not unexpected. They are controllable by means of averaging over three year periods as provided in the Authority Volume Agreement with the Crown.

Salvage operations recovered 2,412 cunits of pulpwood from the jack pine budworm infestation in Edgar and Barron Townships, as well as 1,718 cunits of pulpwood from the spruce budworm infestation in Bruton Township. Students of Algonquin College, Pembroke, conducted a salvage operation in a spruce budworm infestation in Stratton Township which yielded 660 cunits of sawlogs and pulpwood. The work was conducted as "on-the-job training" under the woods worker training program of Algonquin College. Salvage of blow-down in Wilkes Township was discontinued due to the advanced state of decay of the affected timber.

(2) FOREST MANAGEMENT: Complete air photo coverage of Algonquin Park at a scale of one inch equals one mile was flown in May, 1975. This photography supplemented by 1968 photography at a scale of four inches equals one mile proved invaluable for broad planning purposes and in identification of suitable areas for 1976-77 operations.

Operational cruising was carried out on 80,000 acres to supplement operational cruise data supplied by the Ministry of Natural Resources. Data obtained formed the basis of the 1976-77 Annual Operating Plan.

Assessment of a decadent hemlock stand in Guthrie Township was initiated to determine future salvage strategies.

A joint project to determine suitable forest inventory specifications was undertaken with the Ministry of Natural Resources. Approved specifications are required to initiate the forest inventory program in 1976. The forest inventory represents the data base for preparation of the Forest Management Plan.

A Volume Agreement was reached with the Minister providing for annual harvest of 150,000 to 170,000 cunits from Algonquin Park. The Agreement is for 20 years with provision for a 20 year renewal, subject to performance of agreed obligations by the Authority.



Organization Chart





(3) CONSTRUCTION: Five miles of access road were built in Wilkes Township to provide access to an estimated five year supply of timber. Location of this road along the north side of Wilkes Lake avoided crossing a heavily used canoe route portage between Waskigomog and Wilkes Lakes. Cost of construction of the alternate route which provides improved protection of recreational values, was $52,000.

Construction commenced of an access road through Clyde and Bruton Townships to improve forest product deliveries. One mile was built of a total distance of eight miles, to be completed in 1976-77. This road parallels the Cauliflower Lake — Billings Lake — York River Canoe Route, but is located beyond one mile to the west, protecting the canoe route from sound of logging machinery.

(4) PERSONNEL: Recruitment of personnel was a major activity early in the year. Approval was obtained for a management and administrative staff of ten positions. The current staff level of nine regular employees includes six professional foresters and one professional accountant. Seven temporary employees were used for various field and office duties. (ORGANIZATION CHART)

(5) PUBLIC RELATIONS: Directors and staff filled numerous speaking engagements, media interviews, and lecture engagements to inform the public of the Authority, its aims, objectives and role in multiple-use in Algonquin Park.

A visual identity program was initiated with adoption of a unique logo symbolizing the Algonquin heritage and the tri-partite relationship of the Authority with Government and Industry.

A publicity brochure was prepared in 250,000 copies which are in process of distribution by mail, through contacts, and at strategic locations in and adjacent to Algonquin Park.

(6) ADMINISTRATION: Procedures for Accounting, Purchasing and General Administration were prepared, approved and adopted. Commercial insurance was secured to provide adequate protection of assets and liabilities.

Studies were initiated to investigate the feasibility of electronic data processing for commercial functions of the operation which are currently being processed manually.

(7) FINANCE: Total sales in 1975-76 amounted to $1,100,663. Expenses were $1,526,527, resulting in an operating deficit of $425,864, as expected in the start-up situation.

The Authority made no service charge on timber sales as services rendered to customers were minimal in the initial full year of operation. Many of the expenses such as recruitment and relocation of personnel, setting up offices in Huntsville and Pembroke were of a start-up nature and as such are non-recurring.

Spending restraints were initiated with the Provincial Mini-Budget and were reinforced with adoption by the Province of the Federal Restraint Program. Administrative expenses were thus held to $332,672 being $70,402 under budget of $403,074. Administrative expenses representing 22% of total expenses reflects the start-up situation with no Authority participation in sales of products.

Capital expenditures were limited to access roads, light personnel vehicles, major office and technical equipment. The Authority, consistent with its stated intent, made no capital expenditure on logging equipment of types available from local contractors.

(8) FORECAST 1976-77: The entire 1975-76 harvest was produced on twelve third party operations conducted by former licensees producing forest products mainly for their own accounts.

This experience indicated that improved forest utilization through integration of operations and deliveries required expansion of Authority involvement in logging operations. The Authority is therefore engaging six contractors to produce 75,000 cunits of forest products for distribution as directed by the Authority and sale by the Authority to allocation holders. This phase-in of Authority involvement represents 49.5% of budgeted production of 151,168 cunits. Third party operations by allocation holders are consequently being reduced from 100% to 50.5% of total harvest.

The service function of the Authority is becoming clearly established with complete take-over of operational surveys and operational planning. Field data are being collected for a three year operating plan, to be submitted to the Ministry early in 1977.

The joint study with the Ministry to establish forest inventory specifications is expected to be completed by mid-year facilitating a start of inventory data collection prior to year-end. Compilation of these data will establish sustainable allowable cuts of various products and will facilitate planning of a logical logging road system related to locations of forest resources and user mills. These are essential elements of the Forest Management Plan to be submitted to the Ministry in 1980. The interim allowable cut regulated at 150,000 to 170,000 cunits annually is considered well within the sustained yield capacity of the forest.

The Authority has received a grant of $610,000 for the 1976-77 year from the Province of Ontario to compensate for start-up expenses, on the understanding that no further grants will be made with respect to operations deficits arising from the normal business functions of the Authority. The grant is applied as follows:

Operating Deficit 1974-75	$ 74,601
Operating Deficit 1975-76	425,864
Extraordinary Expenses 1976-77	25,000
Working Capital	84,535
	$ 610,000

Total sales for 1976-77 are budgeted at $4,390,088, up $3,289,425 from 1975-76 reflecting value of sales of cut logs and poles as opposed to standing timber. Gross margin estimated at $482,899, resulting from mark-up on forest product sales and service charge on logs produced under third party agreements will offset budgeted expenses, leaving the Authority in a break-even position at the end of its second full year of operation, March 31st, 1977.





Algonquin Forestry Authority

Financial Statements and Report on the Audit for the year ended March 31, 1976

(Incorporated without share capital under The Algonquin Forestry Authority Act, 1974)

Balance Sheet as at March 31, 1976

Assets	1976	1975
	$	$
Current		
Cash	127,636	
Accounts receivable	394,445	
Inventory, at cost	13,238	
Prepaid expenses	1,862	
	537,181	
Fixed		
In service, at cost (note 1)	36,171	800
Less: accumulated depreciation	5,112	—
	31,059	800
Capital roads under construction, at cost	74,944	—
	106,003	800
	643,184	800
Liabilities and Deficit		
Current Liabilities		
Accounts payable and accrued liabilities	743,649	75,401
Term loans, Province of Ontario	400,000	—
	1,143,649	75,401
Deficit	(500,465)	(74,601)
	643,184	800

See accompanying notes to financial statements.

On behalf of the Board of Directors:

O. L. Lick — Director

B. A. Reynolds — Director

Statement of Income and Expense for the year ended March 31, 1976

	1976	(Note 2) 1975
	$	$
Income		
Crown timber sales	**1,071,557**	
Road tolls	**24,911**	
Forest management and protection revenue	**4,195**	
	1,100,663	
Expenses		
Operating		
Crown timber stumpage charges	**1,148,414**	
Road maintenance	**41,186**	
Forest management and protection charges	**4,255**	
	1,193,855	
Administrative and other		
Salaries and benefits	**149,969**	
Directors' allowances and expenses	**36,731**	15,342
Office rent	**12,433**	1,274
Office supplies and expense	**17,305**	1,976
Public relations	**13,326**	2,155
Staff recruitment and relocation	**18,038**	3,854
Technical supplies	**13,519**	
Operations planning cruise	**16,975**	50,000
Vehicle operating	**6,617**	
Legal and consulting	**4,748**	
Depreciation	**5,175**	
Interest	**28,957**	
Miscellaneous	**8,879**	
	332,672	74,601
	1,526,527	74,601
Loss for the year	**425,864**	74,601

See accompanying notes to financial statements.

Statement of Deficit for the year ended March 31, 1976

	1976	(Note 2) 1975
	$	$
Balance, beginning of year	**74,601**	—
Add		
Net loss for the year	**425,864**	74,601
Balance, end of year	**500,465**	74,601

See accompanying notes to financial statements.

Statement of Changes in Financial Position for the year ended March 31, 1976

	1976	1975
	$	$
Source of working capital:		
Term loans, Province of Ontario	**400,000**	
Proceeds from disposal of fixed assets	**227**	
	400,227	



Use of working capital:		
Loss for the year	**425,864**	74,601
Less: item not requiring outlay of working capital — depreciation	**(5,175)**	—
	420,689	74,601
Purchase of fixed assets	**110,605**	800
	531,294	75,401
Increase (decrease) in working capital	**(131,067)**	(75,401)
Working capital (deficiency), begining of year	**(75,401)**	—
Working capital (deficiency), end of year	**(206,468)**	(75,401)

Changes in Working Capital

Increase (decrease) in current assets		
Cash	**127,636**	
Accounts receivable	**394,445**	
Inventory	**13,236**	
Prepaid expenses	**1,862**	
	537,181	
Decrease (increase) in current liabilities		
Accounts payable and accrued liabilities	**(668,248)**	(75,401)
Increase (decrease) in working capital	**(131,067)**	(75,401)

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1976

1. FIXED ASSETS AND DEPRECIATION

Fixed assets in service are stated at acquisition cost and consist of:

	1976		1975	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
	$	$	$	$
Furniture and fixtures	17,208	1,127	800	—
Technical equipment	2,860	136	—	
Automotive vehicles	16,103	3,849	—	
	36,171	5,112	800	—
	5,112		—	
	31,059		800	

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures and technical equipment and 33 1/3 per cent per annum for automotive vehicles.

2. COMPARATIVE FIGURES

Comparative figures for 1975 are for the period from inception on January 1, 1975 to March 31, 1975 and have been reclassified where necessary to conform with 1976 presentation.

3. ANTI-INFLATION LEGISLATION

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Authority is subject to controls on prices, profits, and compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975.

4. SUBSEQUENT EVENT

The Authority received a grant of $610,000 for the 1976-77 year from the Province of Ontario, pursuant to section 12 of The Algonquin Forestry Authority Act, 1974. Such amount was deposited by the Authority on May 11, 1976.





Ontario

Office of Provincial Auditor

Parliament Buildings, Queen's Park, Toronto, Ontario M7A 1A2 416/965-1381

To the Board of Directors of the Algonquin Forestry Authority and to the Minister of Natural Resources

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1976 and the statements of income and expense, deficit, and changes in financial position for the year then ended. My examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as I considered necessary in the circumstances.

In my opinion these financial statements present fairly the financial position of the Authority as at March 31, 1976 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

In accordance with section 18 of The Algonquin Forestry Authority Act, 1974, a report on the audit has been made to the Authority and to the Minister.

Toronto, Ontario,
June 10, 1976.

F.N. Scott, C.A.,
Provincial Auditor.


North Bay
Mattawa
Deep River
Petawawa
Pembroke
Powassan
Trout Creek
South River
Sundridge
Burk's Falls
Kearney
Dickson
Island
Whitney
Madawaska
Barry's Bay
Huntsville
Bracebridge

Algonquin Forestry Authority

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THIRD ANNUAL REPORT

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Ministry of
Natural
Resources

Ontario

TO HER HONOUR,
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present to your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1976, and ending March 31, 1977.

FRANK S. MILLER
Minister

Algonquin
Forestry
Authority

Honourable Frank S. Miller,
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1976, and ending March 31, 1977.

V.J. NORDIN
Chairman

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Chairman's foreword

This Annual Report reviews the second full year of activities of the Authority. It has been a year of effective consolidation of responsibilities and services relative to Authority objectives.

The Board met on eight occasions during the year; three meetings were convened at Toronto, two in Algonquin Park and one each of Barry's Bay, Huntsville and Pembroke. At Huntsville and Barry's Bay, special meetings were also held with Park allocation holders. In addition to expediting the regular business of the Authority, these meetings again provided instructive opportunities for the Board to examine forest operations at first hand and to keep in touch with key personnel in both the private and public sectors. The quarterly reports and meetings with the Minister and his staff and with the Chairman, Vice-Chairman, and General Manager continued to prove mutually beneficial to forestry operations in Algonquin Park.

Experience suggests that allocations of certain specialty products may not be sustainable under prevailing forest management prescriptions and utilization standards. This situation emphasizes the importance of developing a forest management plan for the Park so that long term product supply can be defined with a precision confirmed by inventory facts. This plan is essential to the optimum utilization of the Park's resources and the Authority is committed to its completion by 1980.

A significant development during the year was the Authority's response to Recommendation 6.5 of the Armson Report on forest management in Ontario: "That the Minister of Natural Resources place full administrative jurisdiction for forest land management within the Algonquin Park in a single administrative body, either the Ministry's Algonquin Park District or the Algonquin Forestry Authority." The Authority's response was reviewed with the Ministry resulting in agreement in principle that the Authority should assume responsibility for forestry management activities where such activities now have divided or joint responsibility. Dialogue is now in progress for the Authority to assume full responsibility for forest management in the Park.

This Annual Report reflects a year of progress under the guidance of I. D. Bird, the General Manager and his operational staff. This progress has been made possible by the report established with the Minister of Natural Resources and his staff, with the forest industries and Park allocation holders, and other interested agencies and individuals.

On behalf of the Board, it is a pleasure to acknowledge this collaboration which is vital to the successful direction of Authority objectives and responsibilities.

V. J. Nordin

Vidar J. Nordin
Chairman

Board of Directors

Chairman, V.J. Nordin, Toronto
Vice Chairman, J.W. McNutt, North Bay

Directors

G.B. Abdallah, Pembroke, Ontario
G. Godwin, St. Catharines, Ontario
A.L. Lock, Dorset, Ontario
G.B. Priddle, Waterloo, Ontario
B.A. Reynolds, Huntsville, Ontario
F.K. Roberts, Toronto, Ontario
H.J. Searson, Eganville, Ontario
W.E. Smith, Powassan, Ontario





Introduction

Timber harvesting has been conducted in Algonquin Provincial Park since its establishment in 1893. The timber harvest contributes about $100 million annually to the Province's economy through logging — primary manufacturing in sawmills, veneer mills and pulp mills, and secondary manufacturing in the woodworking, plywood and furniture industries. The forest industry supplied by Algonquin Park timber comprises twelve sawmills, five veneer mills, one pole plant and one pulp mill, which are wholly or partly dependent on this vital source of raw material.

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Given the volume of forest products it may harvest annually and the social and environmental constraints which the Minister determines, the Authority operates as efficiently and effectively as possible to produce its products at minimum cost for sale to manufacturing centres.

Licenses held by a total of twenty companies have been cancelled and replaced by a volume agreement issued by the Ministry to the Algonquin Forestry Authority. As an initial target, the average level of harvesting of 150,000 cunits to 170,000 cunits of wood each year is not to be exceeded during the period of plan review from 1975 to 1979. With improved markets, additional quantities of low grade wood may be produced through fuller utilization. The average level of harvesting is lower than the sustainable yield on the portion of the Algonquin forest zoned as recreation-utilization.

The Board of Directors of the Authority determines appropriate strategies by which the agency meets its objectives. It also prescribes operational practices and procedures in administrative areas not prescribed by the Ministry. The Board supervises the affairs of the Authority to assure its efficiency and effectiveness and advises the Minister on new policies or objectives which it feels may warrant adoption.

The Authority conducts logging operations through the use of local contractors and pays normal stumpage, forest protection and forest management charges. It carries out silvicultural and special project work as directed by the Ministry.

HARVESTING

Experience in the year 1975-76, whereby all harvesting was done by allocation holders producing forest products mainly for their own use, indicated possibilities for improvement in forest utilization to optimize yield of the array of products required.

The Authority therefore engaged four contractors, each of which conducted fully integrated operations producing all the products economically available from the stands being cut. Logs so produced were thus owned by the Authority which directed delivery of the various products to specified destinations, according to planned commitments. Contractor operations produced 58,000 cunits or 49 percent of the total cut of 119,000 cunits.

The level of allocation holder operations was consequently reduced to 61,000 cunits or 51 percent of the total cut, from 100 percent the previous year.

Total harvest of 119,000 cunits under-ran allocation of 152,000 cunits by 33,000 cunits or 28 percent. Variances by product are indicated graphically below.

Profit distribution – Algonquin Park Annual Cut (Cunits)





The under-run of 17,000 cunits in hardwood sawlogs resulted from soft markets for hardwood lumber, particularly the furniture industry. The favourable effect of the U.S. dollar exchange which developed late in the year was largely overcome by escalating transportation costs, thereby limiting the possibilities for increased exports.

Over-production of softwood sawlogs by 4,000 cunits reflects the strength of the pine lumber market and increasing consumption by client mills of previously under-utilized hemlock.

Under-cut of pulpwood by 10,000 cunits reflects the continuing soft pulp market, particularly hardwood pulp.

Yield of hardwood and poplar veneer was 10,000 cunits under allocation due to limited availability of quality logs from stands harvested and to utilization standards of client mills. Poplar veneer in particular under-ran allocation by 74 percent, thus illustrating the effect of the low level of cutting in poplar stands dictated by the reduced poplar pulpwood requirement.

Algonquin College students in the woods-worker training programme continued the salvage-cutting operation in spruce budworm damaged timber, producing 900 cunits of sawlogs and pulpwood.

A salvage operation in a stand previously cut for poles and sawlogs during the pulp industry strike in 1975 when no pulpwood market existed, yielded 3,327 cunits of softwood pulp and 1,095 cunits of softwood sawlogs.

FOREST MANAGEMENT

A survey of 1975-76 cutover based on aerial photos and ground reconnaissance established that 35,000 acres were cut. All harvesting was done under partial-cutting prescriptions from which the average yield was 4 cunits per acre. The area cut represents 2.5 percent of the Recreation-Utilization Zone in which commercial logging is permitted. This indicates that the volume committed to industry represents a safe level of harvest pending submission of a Forest Management Plan, currently in process, by 1980.

A three year operating plan 1977-1980, based on operational cruise results, was submitted to and approved by the Ministry of Natural Resources. The operating plan is a major tool for effectively planning and controlling impact of logging activity in the Park.

A proposal for a permanent road system, as required under the Algonquin Provincial Park Master Plan, is under review with the M.N.R. This proposal includes maximum use of existing roads, consistent with recreational impact, and rationalization of forest product delivery routes.

A silvicultural improvement cut was carried out on 400 acres of a tolerant hardwood stand in Clyde Township. The previous commercial cut in the stand did not meet silvicultural objectives in that residual low quality trees were impeding growth of future crop trees. All trees designated for cutting were felled, low quality sawlogs and fuelwood were sold, resulting in a net loss of $2,200 or a silvicultural cost of $5.50 per acre as an investment in the future stand.

Site treatment was conducted in 130 acres of salvage clear-cut near Lake Traverse, in preparation for 1977 planting. This work was carried out under a Regeneration Agreement with the Minister of Natural Resources.

Joint study with the M.N.R. of Forest Inventory specifications was completed and submissions were invited for the initial phase of field work leading to the Forest Management Plan.

Organization Chart





CONSTRUCTION

Construction of the Clyde-Bruton Road of 8 miles was completed at a cost of $15,000/mile. This road provided a north-south transportation linkage which improves the efficiency of hauling forest products to five client mills. Construction followed the planned location over one mile west of the Cauliflower Lake — Billings Lake — York River canoe route thereby protecting the canoe route from the sounds of logging machinery.

A temporary bridge was built across Otter Creek after the previous structure washed out in the spring flood of 1976. This emergency construction ensured the continued flow of forest products to three client mills and continued public access to Cauliflower Lake pending replacement of the permanent structure.

Pre-engineering was carried out for budgetary purposes on replacement of the Opeongo River Bridge and upgrading of the Shirley Lake Road.

REHABILITATION

Two temporary winter crossings of logging roads, one on the Western Uplands Hiking Trail, the other on the Maple Creek canoe route, were rehabilitated to their natural state.

A phased programme of rehabilitation of old logging road crossings into the primitive zone, across the Park Boundary and at other sensitive locations, has been developed with the M.N.R.

PERSONNEL

Permanent staff was increased by 4 foremen to 13 employees. This additional requirement results from A.F.A. involvement with production contractors whereby foremen are assigned to contractor operations for general supervision, product selection, quality control and adherence to cutting regulations.

PUBLIC RELATIONS

Officers and staff maintained contact through the media, speaking and lecture engagements, to inform the public of Authority involvement in the multiple-use activities in Algonquin Park.

ADMINISTRATION AND FINANCE

Evolution of the Authority's role into delivery and sale of forest products expanded activities in logging cost appraisal, operations supervision, and sales. The scale of financial operations expanded considerably with payments to contractors and customer billing.

Sales of $3,618,825 were up $2,547,268 over the previous year, reflecting added value of delivered forest products over standing timber, rather than volume which was down by 23,000 cunits.

Operating expenses of $3,147,574 were similarly up $1,953,719 over the previous year.

Administrative expenses of $477,856 exceeded previous year by $145,184 due to additional staff requirements related to contractor operations and product sales, expense of operating additional supervisory vehicles, intensification of operational cruise, insurance on logs pending delivery, depreciation on capital roads, and interest on borrowed funds.

Stated profit for the year of $619,167 includes a Province of Ontario Grant of $610,000 to cover the start-up deficits incurred over the previous 2 years and certain extraordinary expenses not chargeable to forest products. Profit for the year, exclusive of grants, was therefore $9,167.

The Authority, being entirely debt financed, operates on funds borrowed from the Province of Ontario, and pays interest at prevailing rates on principal outstanding. A term loan of $400,000 was reduced to $100,000 at year-end.

FORECAST 1977-78

Production is expected to increase by 13,000 cunits to 132,000 cunits based mainly on an improved market for softwood pulp. This forecast level of production is short of allocated volume by 20,000 cunits. The hardwood lumber market is expected to remain soft and shortages of hardwood and poplar veneer logs will continue.

Direct participation by the Authority in contractor operations and product sales is forecast to increase by 8,000 cunits to 64,000 cunits with sales of standing timber to allocation holders increasing by 7,000 cunits to 68,000 cunits.

The initial phase of Forest Inventory field work will be carried out. Aerial photography will be completed and photo interpretation started. These projects are components of the Forest Management Plan, due for submission in 1980.

Transfer of additional Forest Management responsibilities from the M.N.R. as recommended in Armson's Report, "Forest Management in Ontario/1976", will be negotiated with the Ministry. Timing of changes will depend on similar negotiations to be conducted with the Forest Industry.

Capital expenditures will be limited to reconstruction of the Opeongo River Bridge, upgrading the Shirley Lake Road and Forest Management Plan related projects.

Sales are budgeted at $4.5 million, Provincial Grants will be limited to $30,000, current loan level is expected to reach $750,000, and principal outstanding on term loan will remain at $100,000. Achievement of budgeted sales will result in a break-even profit position.





Algonquin Forestry Authority

Financial Statements and Report on the Audit for the year ended March 31, 1977

(Incorporated without share capital under The Algonquin Forestry Authority Act, 1974)

Balance Sheet as at March 31, 1977

Assets	1977 $	1976 $
Current		
Cash	32,376	127,636
Accounts receivable	312,145	394,445
Inventory, at cost	94,427	13,238
Prepaid expenses	5,455	1,862
	444,403	537,181
Fixed		
In service, at cost (note 1)	189,018	36,171
Less: accumulated depreciation and amortization	40,929	5,112
	148,089	31,059
Capital roads under construction, at cost	—	74,944
	148,089	106,003
	592,492	643,184
Liabilities and Surplus		
Current Liabilities		
Accounts payable and accrued liabilities	347,636	743,649
Contractors performance holdbacks	26,154	—
	373,790	743,649
Term loans, Province of Ontario	100,000	400,000
	473,790	1,143,649
Surplus (deficit)	118,702	(500,465)
	592,492	643,184

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director



Statement of Income and Expense for the year ended March 31, 1977

	1977 $	1976 $
Income		
Product sales	2,883,853	
Standing timber sales	734,972	1,071,557
Road tolls	11,250	24,911
Forest management and protection revenue	1,105	4,195
Silvicultural project revenue	3,417	
Grant, Province of Ontario (note 2)	610,000	
	4,244,597	1,100,663
Expenses		
Operating — direct		
Logging and distribution costs	2,170,595	
Crown timber stumpage charges	958,130	1,148,414
Road maintenance	9,980	41,186
Forest management and protection charges	2,434	4,255
Extra scaling charges	3,018	
Silvicultural project expense	3,417	
	3,147,574	1,193,855
Administrative, indirect operating and other		
Salaries and benefits	268,169	149,969
Directors' allowances and expenses	28,029	36,731
Office rent	13,425	12,433
Office supplies and expenses	23,194	17,305
Staff recruitment and relocation	3,558	18,038
Staff travel	7,774	5,620
Vehicle operating	18,253	6,617
Technical supplies	3,139	13,519
Operations planning cruise	25,022	16,975
Public relations	3,747	13,326
Legal and consulting	1,833	4,748
Insurance	3,810	3,259
Depreciation and amortization	35,872	5,175
Interst	42,031	28,957
	477,856	332,672
	3,625,430	1,526,527
Profit (loss) for the year	619,167	(425,864)

See accompanying notes to financial statements.

Statement of Surplus for the year ended March 31, 1977

	1977 $	1976 $
Surplus (deficit), beginning of year	**(500,465)**	(74,601)
Add		
Profit (loss) for the year	**619,167**	(425,864)
Surplus (deficit), end of year	**118,702**	(500,465)

See accompanying notes to financial statements.





Statement of Changes in Financial Position for the year ended March 31, 1977

	1977 $	1976 $
Source of working capital:		
Profit (loss) for the year	**619,167**	(425,864)
Add: Item not requiring outlay of working capital — depreciation and amortization	**35,872**	5,175
	655,039	(420,689)
Term loans, Province of Ontario		400,000
Proceeds from disposal of fixed assets		227
	655,039	(20,462)
Use of working capital:		
Purchase of fixed assets	**77,958**	110,605
Repayment of term loans, Province of Ontario	**300,000**	
	377,958	110,605
Increase (decrease) in working capital	**277,081**	(131,067)
Working capital (deficiency), beginning of year	**(206,468)**	(75,401)
Working capital (deficiency), end of year	**70,613**	(206,468)
Changes in Working Capital		
Increase (decrease) in current assets		
Cash	**(95,260)**	127,636
Accounts receivable	**(82,300)**	394,445
Inventory	**81,189**	13,238
Prepaid expenses	**3,593**	1,862
	(92,778)	537,181
Decrease (increase) in current liabilities		
Accounts payable and accrued liabilities	**396,013**	(668,248)
Contractors' performance holdbacks	**(26,154)**	
	369,859	**(668,248)**
Increase (decrease) in working capital	**277,081**	(131,067)

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1977

1. FIXED ASSETS, DEPRECIATION AND AMORTIZATION

Fixed assets in service are stated at acquisition cost and consist of:

	1977		1976	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	20,395	3,059	17,208	1,127
Technical equipment	3,066	432	2,860	136
Automotive equipment	25,195	11,214	16,103	3,849
Capital roads	140,362	26,224		
	189,018	40,929	36,171	5,112
	40,929		5,112	
	148,089		31,059	

Depreciation is provided for on the straight line method, generally using rates of 10 percent per annum for furniture, fixtures and technical equipment and 33⅓ percent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

2. GRANT, PROVINCE OF ONTARIO

The Authority received a grant of $610,000 for the 1977 fiscal year from the Province of Ontario pursuant to section 12 of The Algonquin Forestry Authority Act, 1974. This grant was to cover deficits incurred in the start-up years of 1975 and 1976 and extraordinary expenses for the 1977 fiscal year.

3. COMPARATIVE FIGURES

Comparative figures for 1976 have been reclassified where necessary to conform with 1977 presentation.

4. ANTI-INFLATION LEGISLATION

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Authority is subject to controls on prices, profits, and compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975.





Ontario

Office of Provincial Auditor

Parliament Buildings, Queen's Park, Toronto, Ontario M7A 1A2 416/965-1381

To the Board of Directors of the Algonquin Forestry Authority and to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1977 and the statements of income and expense, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1977 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of The Algonquin Forestry Authority Act, 1974, a report on the audit has been made to the Authority and to the Minister.

F.N. Scott, C.A.,
Provincial Auditor.

Toronto, Ontario,
May 20, 1977.


North Bay
Deep River
Powassan
Trout Creek
Pembroke
Huntsville
Bracebridge

Algonquin Forestry Authority

NR 700
-A 56

Algonquin Forestry Authority

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FOURTH ANNUAL REPORT
1977 - 78





...RARY

Ministry of
Natural
Resources

Ontario

TO HER HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present to your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1977, and ending March 31, 1978.

FRANK S. MILLER
Minister

Algonquin
Forestry
Authority

Honourable Frank S. Miller,
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1977, and ending March 31, 1978.

V.J. NORDIN
Chairman

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Chairman's foreword

During the third full year of activities of the Authority reviewed in this report, the Board met on six occasions; two meetings were convened at Pembroke, two in Algonquin Park and one each at Dorset and Toronto. At Dorset and Pembroke, regular biannual meetings were held with Park allocation holders. These meetings continue to provide important opportunities for Board members to consult with key personnel in both the private and public sector and to monitor the management of forest operations. In addition to normal reporting procedures and liaison, detailed Quarterly Reports of Authority progress were issued and meetings between the Minister and his staff and the Chairman, Vice-Chairman and General Manager continued to prove beneficial.

The Authority experienced another sound financial year consistent with the Master Plan objective for the Authority "to produce its products at minimum cost for sale to manufacturing centres". The net profit this year was $60,485 compared to $9,167 in the previous fiscal year. Park allocation holders also reported a satisfactory financial year and a significant contributing factor was the reduced value of the Canadian dollar in relation to other currencies.

The acquisition of precise inventory data essential for the development of a forest management plan through surveys and aerial photography, is receiving the highest priority so that objectives can be achieved. Progress was also made, through a joint feasibility study, of transfer to the Authority of various elements of the Ministry forest management programme. Negotiations will proceed towards this transfer.

The Authority began its mandate in 1975 in an atmosphere of apprehension and uncertainty. Today, reaction to Authority activities by a variety of elements of the resources community is generally favourable. I attribute this progress to an effective operational staff and the continuing excellent rapport established between personnel of government, industry, Park allocation holders, and other concerned agencies and individuals.

This collaboration ensures that the forestry resources of the Park will be managed in the best interests of all those who utilize Park resources.

V. J. Nordin

V. J. Nordin
Chairman

Board of Directors

Chairman, V.J. Nordin, Toronto
Vice Chairman, J.W. McNutt, North Bay
Directors, G.B. Abdallah, Pembroke
G. Godwin, St. Catharines
A.L. Lock, Dorset
G.B. Priddle, Waterloo
B.A. Reynolds, Huntsville
F.K. Roberts, Toronto
H.J. Searson, Eganville
W.E. Smith, Powassan

Officers

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, R.C. Williams, R.I.A.

Office

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530





Introduction

Timber harvesting has been conducted in Algonquin Provincial Park since its establishment in 1893. The timber harvest contributes about $100 million annually to the Province's economy through logging — primary manufacturing in sawmills, veneer mills and pulp mills, and secondary manufacturing in the woodworking, plywood and furniture industries. The forest industry supplied by Algonquin Park timber comprises twelve sawmills, five veneer mills, one pole plant and one pulp mill, which are wholly or partly dependent on this vital source of raw material.

The Ontario Government established the Algonquin Forestry Authority on January 1, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority's operations are being conducted in conformity with the Algonquin Provincial Park Master Plan, thus balancing the public interest in the quality of the Park for recreation with the need to maintain an adequate supply of logs to mills dependent on Park timber.

Objectives

The Authority's objectives are defined in the Algonquin Provincial Park Master Plan, published by the Ministry of Natural Resources in 1974: The Authority functions as a Crown Corporation, harvesting forest products and supplying them to the manufacturing facilities currently dependent upon supplies from the Park. The Authority carries out road construction, silvicultural activities and cutting of trees prescribed by the Ministry.

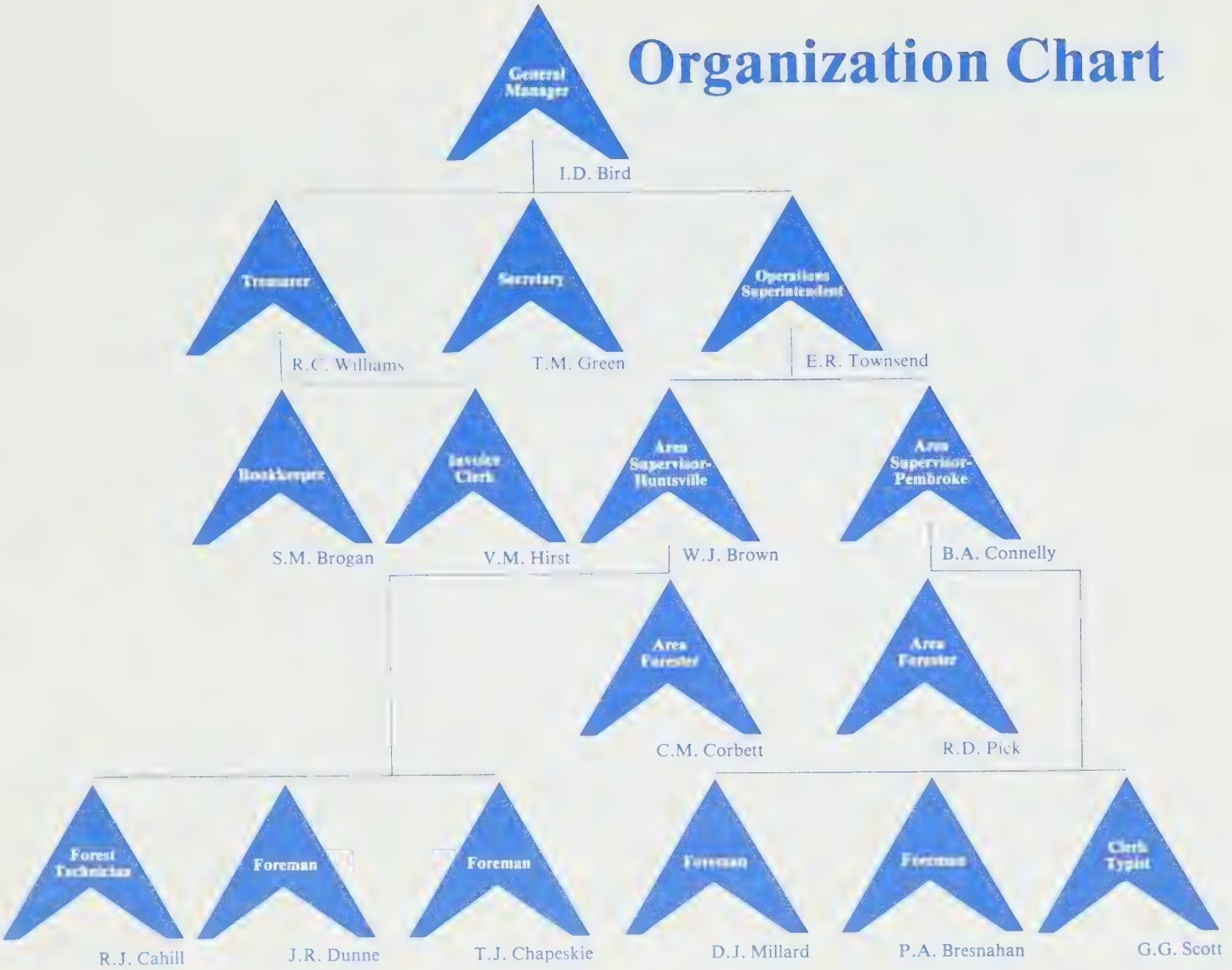
Given the volume of forest products it may harvest annually and the social and environmental constraints which the Minister determines, the Authority operates as effeciently and effectively as possible to produce its products at minimum cost for sale to manufacturing centres.

Licences held by a total of twenty companies have been cancelled and replaced by a volume agreement issued by the Ministry to the Algonquin Forestry Authority. As an initial target, the average level of harvesting of 150,000 cunits to 170,000 cunits of wood each year is not to be exceeded during the period of plan review from 1975 to 1979. With improved markets, additional quantities of low grade wood may be produced through fuller utilization. The average level of harvesting is lower than the sustainable yield on the portion of the Algonquin forest zoned as recreation-utilization.

The Board of Directors of the Authority determines appropriate strategies by which the agency meets its objectives. It also prescribes operational practices and procedures in administrative areas not prescribed by the Ministry. The Board supervises the affairs of the Authority to assure its efficiency and effectiveness and advises the Minister on new policies or objectives which it feels may warrant adoption.

The Authority conducts logging operations through the use of local contractors and pays normal stumpage, forest protection and forest management charges. It carries out silvicultural and special project work as directed by the Minister.

Organization Chart

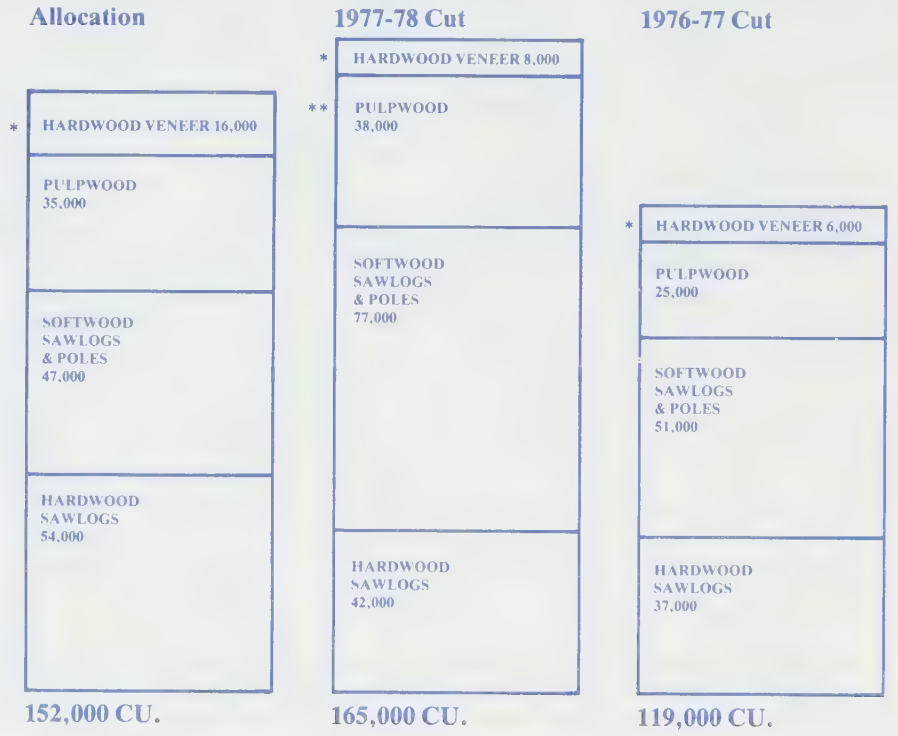


Forest Products

Product Distribution — Algonquin Park Annual Cut (Cunits)

The Authority maintained its policy of employing local contractors to conduct fully integrated operations producing all products economically available from stands being cut. Contractor operations expanded by 31,000 cunits over the previous year to 89,000 cunits, representing 54% of the total cut.

Contractual arrangements for allocation holder operations were strengthened to optimize transfer of by-products to other mills. Allocation holders produced 76,000 cunits, up 18,000 cunits from the previous year.



*Includes poplar peelers

**Includes fuelwood

Total cut of 165,000 cunits exceeded allocation by 13,000 cunits. In the three years of Authority operation however, annual cut has averaged 142,000 cunits or 10,000 cunits under allocation.

Hardwood veneer log production has traditionally favoured birch, due to its higher value. Veneer quality birch is, however, in short supply. Utilization of other species, principally maple, increased dramatically in 1977-78, accounting for all of the 2,000 cunit veneer increase over the previous year.

Pulpwood is produced from tops and defective sections of trees felled for higher value products as well as from defective trees and less desirable species. The increase of 13,000 cunits or 52% in pulpwood cut over the previous year thus represents a significant improvement in forest management and utilization. The significance of this improvement is magnified by the species composition whereby softwood remained unchanged at 15,000 cunits and hardwood increased from 10,000 cunits to 23,000 cunits, or 130%.

Fuelwood, reported for the first time in the same category as pulpwood, represents 1,000 cunits of the total, up from negligible volumes in previous years. The volume reported was mainly in cull sawlogs, heretofore left to rot in the forest.

Production of softwood sawlogs and poles at 77,000 cunits was 30,000 cunits over allocation. Hemlock, a previously under-utilized species, accounted for 15,000 cunits of the total, up 6,000 cunits or 67% over 1976-77 experience. The remaining 15,000 cunit excess over allocation was in pine sawlogs.

Improvement in hardwood lumber markets resulted in a 5,000 cunit increase in hardwood sawlog production.

FOREST MANAGEMENT

A Forest Management Survey of 700,000 acres of tolerant hardwood stands was completed. This is an essential preliminary step in the Park Forest Inventory programme.

Aerial photography planned for 1977 was deferred due to unfavourable summer weather following full leaf conditions. This delay upsets the work schedule for completion of the Forest Management Plan due in 1980. It will therefore be necessary to accelerate photo interpretation, mapping and remaining field work to meet the completion deadline.

Operational cruising on 48,000 acres was used to update the three-year operating plan.

Area cut-over in 1976-77 was surveyed at 26,000 acres which yielded 4.6 cunits per acre, up 0.7 cunits per acre from the previous year.

Contract work under the Regeneration Agreement with the Minister of Natural Resources amounted to 420 acres of site preparation required for 1978 planting.

A joint feasibility study was completed on the proposed transfer of forest management activities from the Ministry of Natural Resources as recommended in Armson's report, "Forest Management in Ontario/1976". The recommended Authority tree marking project on 10,000 acres for partial cutting in 1978 is being implemented.





CONSTRUCTION

Construction activities were concentrated on the Shirley Lake Road, an essential component of the "Algonquin Provincial Park Permanent Road System" proposed by the Authority. Five miles of existing road were upgraded to truck-trailer standard at a cost of $8,000 per mile. The Opeongo River Bridge, a span of 32 feet, was replaced by a steel beam stringer bridge at a cost of $13,000.

Major maintenance was carried out on the Radiant and Madawaska River Bridges with timber decks replaced on both structures.

REHABILITATION

Two temporary winter crossings of logging roads, one on the Western Uplands Hiking Trail, the other on the Maple Creek canoe route, were rehabilitated to their natural state.

Old logging camps were removed and sites rehabilitated at Kioshkokwi Lake and near Happy Isle Lake.

A phased programme of rehabilitation of old logging road crossings commenced with treatment of 10 sites in the northeast section of the Primitive Zone. Priorities are being established for 30 remaining sites.

PERSONNEL

Expansion of contractor operations and refinements of Management Information Systems to improve cost control required addition of two clerical and one technical positions. Permanent staff stands at sixteen employees.

PUBLIC RELATIONS

Contact with the public was maintained through the media, as well as speaking and lecture engagements. A public information brochure is available at various locations in the Park. Public reaction to Authority activities was favourable.

ADMINISTRATION AND FINANCE

Current assets were up $443,857 from the previous year. Principal item was accounts receivable reflecting concentration of product deliveries at the end of the logging season. Net increased value of fixed assets of $38,154 was in roads and bridges.

Liabilities were up $426,212, the major item being a term loan of $350,000 required to finance operations pending payment of accounts receivable.

Resulting surplus of $209,187 was up $90,485 from last year.

Sales of $4,896,268 were $1,276,338 over last year, resulting entirely from the 47,000 cunit volume increase.

The decline in grant income of $580,000 reflected progress towards self-sufficiency since the major portion of the 1977 grant was awarded to defray accumulated deficits of 1975 and 1976.

Direct operating expenses exceeded previous year by $1,201,231 reflecting the 47,000 cunit volume increase.

Administrative expenses were closely controlled consistent with Ontario Government spending restraints and A.I.B. guidelines. The increase in these costs of $40,942 over the previous year represents 9%.

Reported profit of $90,485 includes Province of Ontario grants. Net profit of $60,485, exclusive of grants, was $51,318 over last year's experience, and represented 1.2% of sales. This level of profit was consistent with the Authority's objective, to operate "as efficiently and effectively as possible to produce its products at minimum cost for sale to manufacturing centres".[1]

Financial results have established the self-sufficiency of the Authority one year earlier than the target date of March 31, 1979.

FORECAST 1978-79

Production is forecast to decline by 23,000 cunits under 1977-78 to 142,000 cunits or 10,000 cunits under allocation.

The major adjustment will be in pine sawlogs with curtailment of 14,000 cunits to conform with allocated volume. The softwood sawlog and pole category will thus be limited to 63,000 cunits with the level of hemlock being sustained.

Pulpwood deliveries will decline by 5,000 cunits to 33,000 cunits due to collapse of the softwood pulp market. The resulting proportion of hardwood pulpwood will post a further dramatic increase and diversion of the lowest quality logs to pulp will reduce the level of hardwood sawlogs by 2,000 cunits to 40,000 cunits.

The forecast decline of hardwood veneer to 6,000 cunits could be offset by continued utilization of maple, depending on market conditions.

Completion of forest inventory field work and aerial photography during the current summer will facilitate photo interpretation and mapping required for the Forest Management Plan.

Negotiations will continue with the Ministry of Natural Resources relative to transfer of forest management activities as recommended by Armson. The Authority will be conducting a pilot tree marking project on 10,000 acres. Future extensions of this transfer will depend on success of this project. Authority participation in silvicultural operations will expand into tree planting with an initial project of 60,000 seedlings.

The Authority anticipates active participation in review of the "Algonquin Provincial Park Master Plan", scheduled for 1979.

Construction of the Shirley Lake Road will continue with 7 miles to be built, leaving 15 miles to complete. This is a major element of the permanent road system which will facilitate delivery of forest products to at least four client mills.

Sales budgeted at $4.7 million will be down $0.2 million with reduced volume only partially offset by higher prices. Revenue from contract work under the Regeneration Agreement will increase $94,000 to $112,000 on a cost recovery basis. Grant revenue will decline a further $10,000 to $20,000. Revenue from all sources is budgeted to meet costs for a break-even profit, with outstanding loan at the fiscal year-end forecast at $50,000.

[1] Algonquin Provincial Park Master Plan



Algonquin Forestry Authority

(Incorporated without share capital under The Algonquin Forestry Authority Act, 1974)

Balance Sheet as at March 31, 1978

Assets	1978	1977
	$	$
Current		
Cash	—	32,376
Accounts receivable	832,888	312,145
Inventory, at cost	49,123	94,427
Prepaid expenses	6,249	5,455
	888,260	444,403
Fixed		
In service, at cost (note 1)	272,367	189,018
Less: accumulated depreciation and amortization	86,124	40,929
	186,243	148,089
Deferred charges (note 2)	34,686	—
	1,109,189	592,492
Liabilities and Surplus		
Current Liabilities		
Bank indebtedness	52,837	—
Accounts payable and accrued liabilities	399,001	347,636
Contractors' performance holdbacks	98,164	26,154
	550,002	373,790
Term loans, Province of Ontario	350,000	100,000
	900,002	473,790
Surplus	209,187	118,702
	1,109,189	592,492

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

Statement of Income and Expense for the year ended March 31, 1978

	1978	1977
	$	$
Income		
Product sales	4,123,899	2,883,853
Standing timber sales	772,369	736,077
Road tolls	13,575	11,250
Silvicultural project revenue	18,245	3,417
Grant, Province of Ontario (note 3)	30,000	610,000
	4,958,088	4,244,597
Expenses		
Operating - direct		
Logging and distribution costs	3,237,791	2,173,613
Crown timber stumpage charges	1,074,418	958,130
Operations planning cruise	25,296	25,022
Road maintenance	11,658	9,980
Forest management and protection charges	3,588	2,434
Silvicultural project expense	17,672	3,417
Rehabilitation project expense	3,404	—
	4,373,827	3,172,596
Administrative, indirect operating and other		
Salaries and benefits	319,379	268,169
Directors' allowances and expenses	20,047	28,029
Office rent	15,553	13,425
Office supplies and expenses	25,869	23,194
Staff recruitment and relocation	33	3,558
Staff travel	8,299	7,774
Vehicle operating	22,490	18,253
Technical supplies	4,054	3,139
Public relations	2,553	3,747
Legal and consulting	1,476	1,833
Insurance	5,599	3,810
Depreciation and amortization	45,211	35,872
Bad debt expense	900	—
Interest (net)	22,313	42,031
	493,776	452,834
	4,867,603	3,625,430
Profit for the year	90,485	619,167

See accompanying notes to financial statements

Statement of Surplus for the year ended March 31, 1978

	1978 $	1977 $
Surplus (deficit), beginning of year	**118,702**	(500,465)
Add		
Profit for the year	**90,485**	619,167
Surplus, end of year	**209,187**	118,702

See accompanying notes to financial statements.



Statement of Changes in Financial Position for the year ended March 31, 1978

	1978	1977
	$	$
Source of working capital:		
Profit for the year	90,485	619,167
Add: Item not requiring outlay of working capital — depreciation and amortization	45,211	35,872
	135,696	655,039
Loans, Province of Ontario	938,868	75,000
Proceeds from disposal of fixed assets	100	—
	1,074,664	730,039
Use of working capital:		
Purchase of fixed assets	83,465	77,958
Deferred charges (note 2)	34,686	—
Repayment of loans, Province of Ontario	688,868	375,000
	807,019	452,958
Increase in working capital	267,645	277,081
Working capital (deficiency), beginning of year	70,613	(206,468)
Working capital, end of year	338,258	70,613
Changes in Working Capital		
Increase (decrease) in current assets		
Cash	(32,376)	(95,260)
Accounts receivable	520,743	(82,300)
Inventory	(45,304)	81,189
Prepaid expenses	794	3,593
	443,857	(92,778)
Decrease (increase) in current liabilities		
Bank indebtedness	(52,837)	—
Accounts payable and accrued liabilities	(51,365)	396,013
Contractors' performance holdbacks	(72,010)	(26,154)
	(176,212)	369,859
Increase in working capital	267,645	277,081

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 1978

1. FIXED ASSETS, DEPRECIATION AND AMORTIZATION

Fixed assets in service are stated at acquisition cost and consist of:

	1978		1977	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and Fixtures	24,387	5,231	20,395	3,059
Technical equipment	4,360	795	3,066	432
Automotive equipment	50,696	23,182	25,195	11,214
Buildings and structures	13,518	563	—	—
Capital roads	179,406	56,353	140,362	26,224
	272,367	86,124	189,018	40,929
	86,124		40,929	
	186,243		148,089	

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33-1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

2. DEFERRED CHARGES

The costs of $34,686 relate to a survey of tolerant hardwoods as part of a forest management plan. The Authority plans to amortize these costs on a straight line basis over twenty years commencing with the 1980-81 fiscal year.

3. GRANT, PROVINCE OF ONTARIO

The Authority received a grant of $30,000 for the 1978 fiscal year from the Province of Ontario pursuant to section 12 of The Algonquin Forestry Authority Act, 1974. This grant was to cover extraordinary expenses for the 1978 fiscal year.

4. COMPARATIVE FIGURES

Comparative figures for 1977 have been reclassified where necessary to conform with 1978 presentation.

5. ANTI-INFLATION LEGISLATION

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Authority is subject to controls on prices, profits, and compensation instituted by the Government of Canada in the Anti-Inflation Act, effective October 14, 1975.





Ontario

Office of Provincial Auditor

Parliament Buildings, Queen's Park, Toronto, Ontario M7A 1A2 416/965-1381

To the Members, Algonquin Forestry Authority, and to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1978 and the statements of income and expense, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1978 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of The Algonquin Forestry Authority Act, 1974, a report on the audit has been made to the Authority and to the Minister.

Toronto, Ontario,
May 31, 1978.

F.N. Scott, C.A.,
Provincial Auditor.


North Bay
Mattawa
Ontario
Stonecliffe
Deep River
Kiosk
Daventry
Brent
Powassan
Trout Creek
Petawawa
Pembroke
Actinolite
South River
Sundridge
Burks Falls
Kearney
Harry's Bay
Dwight
Huntsville
Dorset
Haliburton
Bancroft
Bracebridge

Algonquin Forestry Authority
P.O. BOX 1198, HUNTSVILLE, ONT. P0A 1K0

Algonquin Forestry Authority

FOURTH ANNUAL REPORT
1978 - 1979





Ministry of
Natural
Resources
Ontario

TO HER HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present your Honour
the Annual Report of the Algonquin Forestry Authority for the year
beginning April 1, 1978, and ending March 31, 1979.

James A.C. Auld

JAMES A. C. AULD
Minister

Algonquin
Forestry
Authority

Honourable James A. C. Auld
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the
Algonquin Forestry Authority for the year beginning April 1, 1978,
and ending March 31, 1979.

V. J. Nordin

V.J. NORDIN
Chairman

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Chairman's Foreword

This report for the fiscal year ended March 31, 1979 marks the completion of four years of operation of the Algonquin Forestry Authority.

During the year, the Board of Directors met on six occasions to carry forward its mandate to supervise the affairs of the Authority on behalf of the Minister of Natural Resources. Regular semiannual meetings were also held with Park Allocation Holders. Quarterly Reports were issued recording Authority progress and several meetings were convened with Ministry staff. These meetings and other forms of communication provided the Board and Authority personnel with essential and helpful liaison with key agencies in both the private and public sectors.

The Master Plan objective for the Authority is that it produce its products at minimum cost for sale to manufacturing centres. Consistent with this mandate, the Authority experienced another sound financial year and a modest profit of $44,202. This compares to $60,485 for 1977-78 and $9,167 for 1976-77. Park Allocation Holders also reported satisfactory financial years and again this was attributed largely to the reduced value of the Canadian dollar in relation to other currencies.

Continued priority was given to the acquistion of inventory data. Aerial photography and field sampling have now been completed and every emphasis is being given to photo interpretation and mapping activities so that a Forest Management Plan can be completed in 1980.

The Board recognized that the progress made this year has been possible because of the effectiveness of the General Manager and his operational staff and the excellent rapport established between the Authority and personnel of government, industry, and other agencies and individuals concerned with the management of Park resources.

It is a pleasure to acknowledge this collaboration which is vital to the successful direction of Authority responsibilities.

V. J. Nordin

V. J. Nordin
Chairman

Board of Directors

Chairman, V.J. Nordin, Toronto
Vice Chairman, J.W. McNutt, North Bay
Directors, G.B. Abdallah, Pembroke
G. Godwin, St. Catharines
A.L. Lock, Dorset
G.B. Priddle, Waterloo
B.A. Reynolds, Huntsville
F.K. Roberts, Toronto
H.J. Searson, Eaganville
W.E. Smith, Powassan

Officers

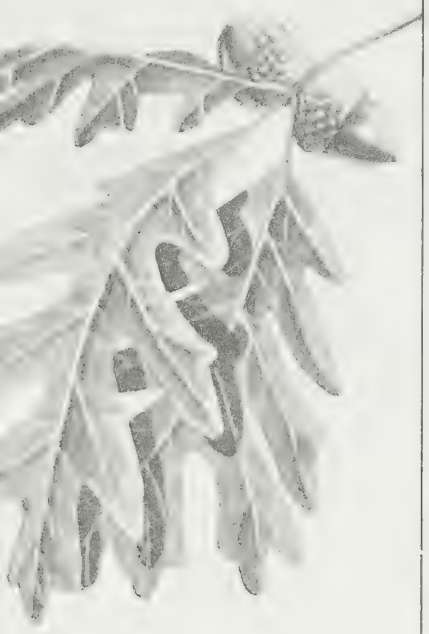
General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, R.C. Williams, R.I.A.

Office

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530





Introduction

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The timber harvest contributes about $100 million annually to the Province's economy through logging — primary manufacturing in sawmills, veneer mills and pulp mills, and secondary manufacturing in the wood-working, plywood and furniture industries. The forest industry supplied by Algonquin Park timber comprises twelve sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material.

The Ontario Government established the Algonquin Forestry Authority on January 1, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority's operations are being conducted in conformity with the Algonquin Provincial Park Master Plan, thus balancing the public interest in the quality of the Park for recreation with the need to maintain an adequate supply of logs to mills dependent on Park timber.

Objectives

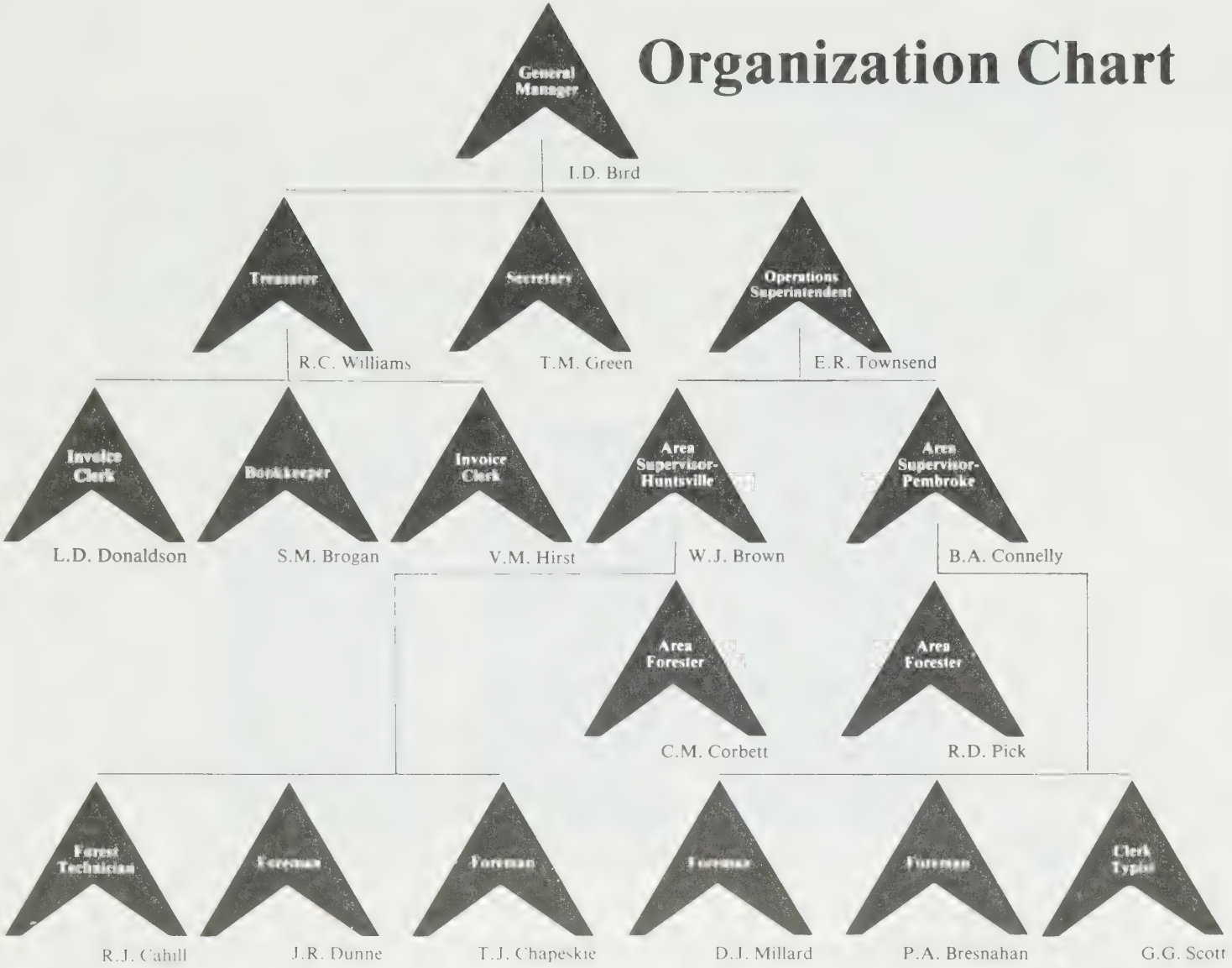
The Authority's objectives are defined in the Algonquin Provincial Park Master Plan, published by the Ministry of Natural Resources in 1974: The Authority functions as a Crown Corporation, harvesting forest products and supplying them to the manufacturing facilities currently dependent upon supplies from the Park. The Authority carries out road construction, silvicultural activities and cutting of trees prescribed by the Ministry.

The Authority, as the sole licensee in Algonquin Park, meets raw material commitments to the nineteen mills by contracting with local loggers and with mill operators.

The Board of Directors of the Authority determines appropriate strategies by which the agency meets its objectives. It also prescribes operational practices and procedures in administrative areas not prescribed by the Ministry. The Board supervises the affairs of the Authority to assure its efficiency and effectiveness and advises the Minister on new policies or objectives which it feels may warrant adoption.

The Authority conducts integrated logging operations and pays normal stumpage and forest managemnt charges. It carries out silvicultural and special work project work as directed by the Minister.

Organization Chart



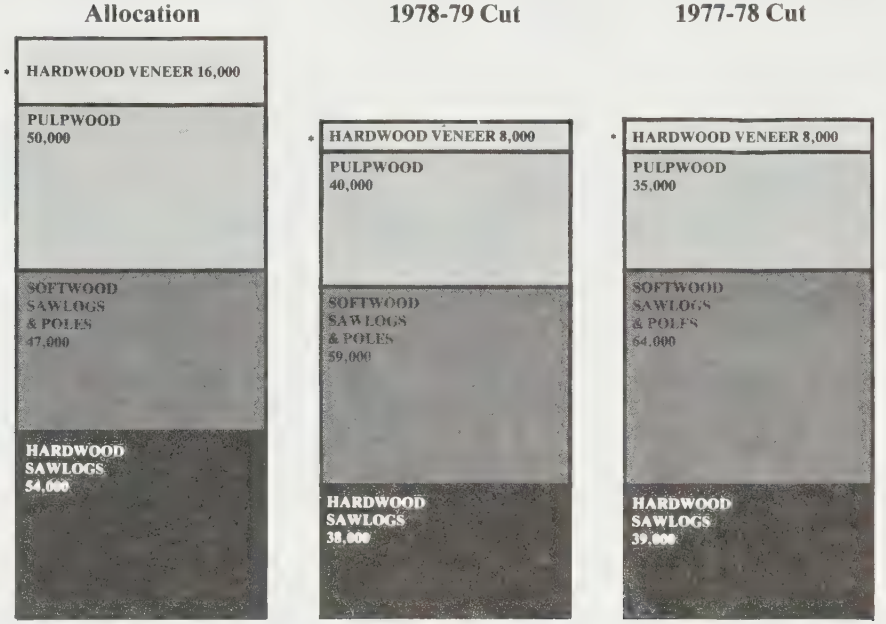
Operations

Forest Products

The Authority expanded its direct involvement in local contractor production by 7,000 cunits to 73,000 cunits. These fully integrated operations continued to recover the range of products economically available from the stands being cut.

Mill operators produced 72,000 cunits, down 4,000 cunits from last year. These operations produced increased volumes of by-products transferred to other mills.

Product Distribution — Algonquin Park Annual Cut (Cunits)



	Allocation	1978-79 Cut	1977-78 Cut
TOTAL	167,000 CU.	145,000 CU.	**146,000 CU.

*Includes poplar splint logs
**Corrected from 1977-78 Annual Report

NOTE: I Cunit = 100 Cubic Feet

Total cut of 145,000 cunits was 1,000 less than last year. The changes in product mix continued established trends with hardwood veneer holding at 8,000 cunits, pulpwood up 5,000 cunits to 40,000 cunits, softwood sawlogs and poles down 5,000 cunits to 59,000 cunits, hardwood sawlogs down 1,000 cunits to 38,000 cunits.

The components of pulpwood changed significantly from 60% hardwood in 1978 to 100% hardwood in 1979, with collapse of the local softwood pulp market. Efforts to sell pulp grade softwood for alternate uses were unsuccessful.

FOREST UTILIZATION

Current forest management prescriptions specified by the Ministry of Natural Resources stress removal of low quality and defective material leaving vigorous high quality stems for future growth and seed production. A principal objective is to upgrade the residual stand. Attainment of this objective depends on the ability of industry to move the lower quality material into the marketplace.

Success in achieving this objective since the establishment of the Authority is indicated in the table below:

Utilization Trends
Algonquin Park

	Column 1	Column 2	Column 3
Year	Hardwood Logs Grade 1	Hardwood Pulp Cunits	Yield Per Acre Cunits
1975	47.5%	2,000	3.9
1976	40.6%	10,000	4.6
1977	39.0%	23,000	5.3
1978	29.9%	36,500	Survey Pending

Column 1 shows the declining quality of logs being removed as a result of leaving higher quality material for silvicultural benefits. This trend has occurred over a relatively constant annual volume and constant grading standards.

Column 2 indicates a dramatic increase in the quantity of material below sawlog grade being removed thereby providing space for higher quality trees.

Column 3 confirms the improved yield per acre within the aesthetic constraints of partial cutting.

These results have been achieved within prevailing market constraints and without any form of subsidy on production costs.





FOREST MANAGEMENT

Aerial Photography and field sampling were completed for the Forest Inventory. Photo interpretation and mapping are in progress. Completion of the Forest Management Plan by 1980 is a priority.

The tree marking trial on 10,900 acres was completed successfully. Purpose of this pilot operation was to test with the Ministry of Natural Resources a system comprising specification of marking prescription, conduct of tree marking and audit of adherence to prescription. Cost was $.53 over $9.35 per acre contracted under the Regeneration Agreement.

Operations planning cruise on 40,000 acres was contracted out.

Area cutover in 1977-78 was surveyed. Yield on the 27,000 cut was 5.3 cunits per acre, up 0.7 cunits per acre from the previous year.

Tree planting under the Regeneration Agreement amounted to 60,000 trees on a site where the natural stand was destroyed by spruce budworm followed by a salvage cut and site preparation. Site preparation was carried out on 500 acres.

CONSTRUCTION

The Shirley Lake Road, a main hauling route, was extended 6 miles by upgrading 5 miles of old road and new construction over one mile relocated to reduce impact on recreational values. Total cost was $56,000 including one timber bridge. This road, now developed to 11 miles of truck-trailer standard, has extended the economic hauling distance of low value products such as hardwood pulp thereby contributing to improved utilization and silvicultural practices.

Bridge maintenance continued with sand-blasting and painting of steel beams on the Radiant and Little Madawaska bridges.

A temporary timber bridge was built across the Bonnechere River to facilitate short term extraction. The bridge will be removed on completion of operations in the vicinity.

REHABILITATION

The programme of treatment of logging road crossings and old logging camp sites continued with rehabilitation of 17 sites to natural conditions.

A temporary winter crossing of the Maple Creek canoe route was rehabilitated to its natural state following completion of log hauling.

PERSONNEL

Permanent staff was increased by one Invoice Clerk to a total of 17 employees.

PUBLIC RELATIONS

Contact with the public was maintained through personal contacts with Directors and staff, through the media as well as through speaking engagements and lectures. An information brochure is available at various locations throughout the Park and is distributed in response to personal and mailed enquiries.

ADMINISTRATION & FINANCE

Product and standing timber sales of $5,179,774 were $283,506 over last year resulting from price increases on the same volume. Tree marking revenue of $105,474 resulted from a new activity undertaken on a trial basis the Ministry of Natural Resources.

Profit of $64,202 includes Province of Ontario grants of $20,000, down $10,000 from last year. Net profit of $44,202, exclusive of grants, was $16,283 under last year, reflecting lower value of the product mix resulting from a higher proportion of hardwood pulp.

Current assets were down $440,068 from the previous year. Principal item was accounts receivable reflecting the earlier completion of deliveries. Net increased value of fixed assets of $14,991 was in roads and bridges.

Liabilities were down $431,555, the major item being the repayment of a $200,000 term loan from the Province of Ontario.

Resulting surplus of $273,389 was up $64,202 from last year.

Direct operating expenses exceeded previous year by $334,126 resulting from the new tree marking expenses and inflationary increases in labour, machinery and material costs.

Administrative expenses of $561,233 were $67,457 over last year. The largest single component of this increase was $54,770 in salaries and benefits. Extraordinary expenses for part time clerical help and lump sum assessment of a deficit in employer contributions to the benefit plan account for $34,000 of this increase. Interest charges were up $13,000 over the previous year, reflecting the higher loan level as well as a series of interest rate increases from 8 3/4% to 12%, a cumulative increase of 31%.

Financial performance confirms the self-sufficiency of the Authority.

FORECAST

Production is forecast to increase by 18,000 cunits to 163,000 cunits. Components of the increase will be 9,000 cunits of hardwood sawlogs and 9,000 cunits of hardwood pulp reflecting favourable markets for both products. Production of all other products is expected to remain at 1978-79 levels.

The Forest Management Plan is expected to be submitted to the Ministry in 1980.

Discussions on transfer of forest management activities as recommended in the Armson Report of 1976 are expected to resume following settlement of pattern agreements by the Ministry with industry. In the interim the Authority will maintain its tree marking capability by contract marking on 10,000 acres. Planting of 220,000 trees is planned for 1979. Site preparation for future planting is planned on 500 acres.

The Authority expects to provide useful information to the Provincial Parks Council in their five-year review of the Algonquin Provincial Park Master Plan.

Construction of the Shirley Lake Road, a vital lind in the main road system, will be limited to 2.5 miles, to achieve a connection with the White Partridge-Dickson Road. A steep hill on an old road in Bruton Township, which has restricted efficient hauling operations, will be bypassed by 2 miles of new construction and replacement of 2 bridges.

Sales are forecast at $6.5 million based on prevailing market conditions. This forecast is highly dependent on economic conditions in the U.S. where a recessionary trend, particularly in housing starts, will soften lumber markets from the buoyant conditions of early 1979. The year 1979-80 will be the first year in which the Authority will not require a grant from the Province. Regeneration Agreement revenue from contract work done on a cost recovery basis is forecast at $143,000 reflecting increased work as well as increased cost.

The outstanding term loan of $350,000 will be repaid to the Province with interest. Cash flow is expected to facilitate repayment of the current loan by year end.

Achievement of sales volumes and values will provide a modest profit dependent on ability to control costs at budgeted levels.





Algonquin Forestry Authority

(Incorporated without share capital under the Algonquin Forestry Authority Act, 1974).

Balance Sheet as at March 31, 1979

Assets	**1979**	1978
	$	$
Current		
Accounts receivable	**415,753**	832,888
Inventory, at cost	**23,210**	49,123
Prepaid expenses	**9,129**	6,249
	448,092	888,260
Fixed		
In service, at cost (note 1)	**333,627**	272,367
Less accumulated depreciation and amortization	**132,393**	86,124
	201,234	186,243
Deferred charges (note 2)	**92,410**	34,686
	741,736	1,109,189
Liabilities and Surplus		
Current Liabilities		
Bank indebtedness	**14,954**	52,837
Accounts payable and accrued liabilities	**244,054**	399,001
Contractors' performance holdbacks	**59,339**	98,164
	318,347	550,002
Term loans, Province of Ontario	**150,000**	350,000
	468,347	900,002
Surplus	**273,389**	209,187
	741,736	1,109,189

See accompanying notes to financial statements.

On behalf of the Board:

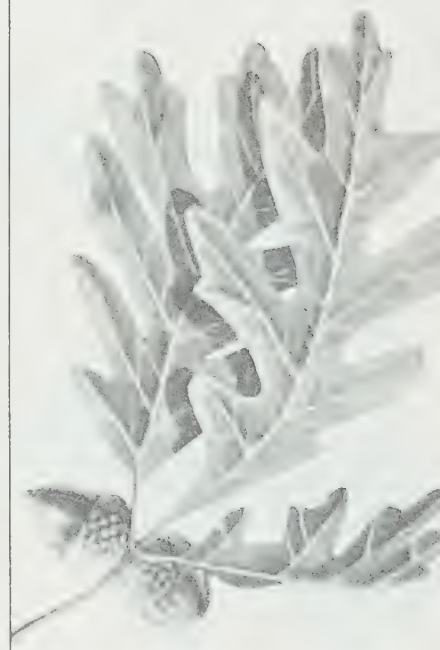
V. J. Nordin
Director

J. M. Nutt
Director

Statement of Income and Expense for the year ended March 31, 1979

	1979	1978
	$	$
Income		
Product sales	**4,491,108**	4,123,899
Standing timber sales	**688,666**	772,369
Road tolls	**17,000**	13,575
Tree marking revenue	**105,474**	—
Silvicultural project revenue	**11,140**	18,245
Grant, Province of Ontario (note 3)	**20,000**	30,000
	5,333,388	**4,958,088**
Expenses		
Operating - direct		
Logging and distribution costs	**3,530,915**	3,237,791
Crown timber stumpage charges	**1,006,991**	1,074,418
Operations planning cruise	**25,274**	25,296
Road maintenance	**15,137**	11,658
Area charges	**7,659**	3,588
Tree marking	**107,738**	—
Silvicultural project expense	**11,518**	17,672
Rehabilitation project expense	**2,721**	3,404
	4,707,953	4,373,827
Administrative, indirect operating and other		
Salaries and benefits	**367,614**	319,379
Directors' allowances and expenses	**18,889**	20,047
Office rent	**19,789**	15,553
Office supplies and expenses	**28,188**	25,869
Staff travel	**6,331**	8,332
Staff training	**1,011**	—
Vehicle operating	**30,074**	22,490
Technical supplies	**9,157**	4,054
Public relations	**1,958**	2,553
Legal and consulting	**1,773**	1,476
Insurance	**6,135**	5,599
Depreciation and amortization	**51,548**	45,211
Bad debt expense	**—**	900
Interest (net)	**35,808**	22,313
Overhead allocation	**(17,042)**	—
	561,233	493,776
	5,269,186	4,867,603
Profit for the year	**64,202**	90,485

See accompanying notes to financial statements



Statement of Surplus for the year ended March 31, 1979

	1979 $	1978 $
Surplus, beginning of year	**209,187**	118,702
Add		
Profit for the year	**64,202**	90,485
Surplus, end of year	**273,389**	209,187

See accompanying notes to financial statements.



Statement of Changes in Financial Position for the year ended March 31, 1979

	1979 $	1978 $
Source of working capital:		
Profit for the year	**64,202**	90,485
Add: item not requiring outlay of working capital — depreciation and amortization	**51,548**	45,211
	115,750	135,696
Loans, Province of Ontario	**677,456**	938,868
Proceeds from disposal of fixed assets	**5,723**	100
	798,929	1,074,664
Use of working capital:		
Purchase of fixed assets	**72,262**	83,465
Deferred charges (note 2)	**57,724**	34,686
Repayment of loans, Province of Ontario	**877,456**	688,868
	1,007,442	807,019
Increase (decrease) in working capital	**(208,513)**	267,645
Working capital, beginning of year	**338,258**	70,613
Working capital, end of year	**129,745**	338,258
Changes in Working Capital		
Increase (decrease) in current assets		
Cash	**—**	(32,376)
Accounts receivable	**(417,135)**	520,743
Inventory	**(25,913)**	(45,304)
Prepaid expenses	**2,880**	794
	(440,168)	443,857
Decrease (increase) in current liabilities		
Bank indebtedness	**37,883**	(52,837)
Accounts payable and accrued liabilities	**154,947**	(51,365)
Contractors' performance holdbacks	**38,825**	(72,010)
	231,655	(176,212)
Increase (decrease) in working capital	**(208,513)**	267,645

See accompanying notes to financial statements.



Notes to Financial Statements March 31, 1979

1. FIXED ASSETS, DEPRECIATION AND AMORTIZATION

Fixed assets in service are stated at aquisition cost and consist of:

	1979		1978	
	Cost	**Accumulated Depreciation and Amortization**	Cost	Accumulated Depreciation and Amortization
	$	**$**	$	$
Furniture and fixtures	**25,142**	**7,700**	24,387	5,231
Technical equipment	**5,722**	**1,317**	4,360	795
Automotive equipment	**51,836**	**29,180**	50,696	23,182
Buildings and structures	**13,462**	**1,909**	13,518	563
Capital roads	**237,465**	**92,287**	179,406	56,353
	333,627	**132,393**	272,367	86,124
	132,393		86,124	
	201,234		186,243	

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

2. DEFERRED CHARGES

The costs of $92,410 represent a part of a forest management plan. The Authority plans to amortize these costs on a straight line basis over twenty years, commencing with the 1980-81 fiscal year.

3. GRANT, PROVINCE OF ONTARIO

The Authority received a grant of $20,000 for the 1979 fiscal year from the Province of Ontario pursuant to section 12 of The Algonquin Forestry Authority Act, 1974. This grant was to cover extraordinary expenses for the 1979 fiscal year.

4. COMPARATIVE FIGURES

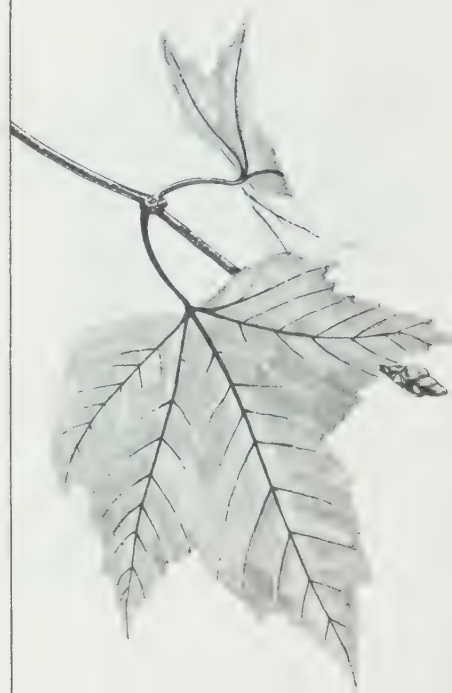
Comparative figures for 1978 have been reclassified where necessary to conform with 1979 presentation.

5. ANTI-INFLATION LEGISLATION

Pursuant to the terms of an agreement between the Province of Ontario and the Government of Canada, the Authority was subject to controls on prices, profits, and compensation instituted by the Government of Canada in the Anti-Inflation Act effective from October 14, 1975 to December 31, 1978.

6. COMMITMENTS

Pursuant to the latest actuarial report on the Public Service Superannuation Fund, the Authority is required to make annual payments of approximately $14,000 toward the unfunded liabilities of the Fund over a period commencing with the 1978-79 fiscal year and ending substantially on January 1, 1992.





Ontario

Office of the Provincial Auditor

Parliaments Buildings, Queen's Park, Toronto Ontario M7A 1A2 416/965-1381

To the Members, Algonquin Forestry Authority, and to the Minister of Energy and Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1979 and the statements of income and expense, surplus, and changes in financial position for the year then ended. My examination was made inaccordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

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In accordance with section 18 of the Algonquin Forestry Authority Act, 1974, a report on the audit has been made to the Authority and to the Minister.

Toronto, Ontario,
June 6, 1979.

F.N. Scott, F.C.A.,
Provincial Auditor.


North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L
Petawawa River
Lake Traverse
Powassan
Manitou L
Catfish L
Achray
Petawawa
Pembroke
Trout Creek
North Tea L
Grand Lake
White Partridge L
Portal L
Lake Lavieille
Dickson L
South River
Sundridge
Bonnechere River
Trout L
Opeongo Lake
Booth L
Opeongo River
Round L
Burnt Island
Joe L
Burk's Falls
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
Hay L
Dwight
Huntsville
Dorset
Baptiste Lake
Bancroft
Haliburton
Bracebridge
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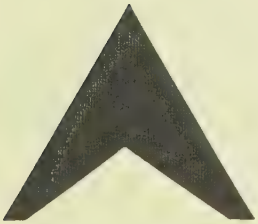


Algonquin Forestry Authority

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Algonquin Forestry Authority

Fifth Annual Report 1979-1980

Ministry of
Natural
Resources

TO HER HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs repectfully to present your Honour
the Annual Report of the Algonquin Forestry Authority for the year
beginning April 1, 1979, and ending March 31, 1980.

James A.C. Auld

JAMES A.C. AULD
Minister

Algonquin
Forestry
Authority

Honourable James A.C. Auld
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the
Algonquin Forestry Authority for the year beginning April 1, 1979,
and ending March 31, 1980.

V J Nordin

V.J. NORDIN
Chairman

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Chairman's Foreword

During this fiscal year ended March 31st, 1980 the Board of Directors convened six meetings to carry forward its mandate to direct the affairs of the Authority on behalf of the Minister of Natural Resources. Semi-annual meetings were held with Park allocation holders and there were ongoing consultations with Ministry and Industry staff. These meetings and other forms of communications assisted the Authority to maintain a central liaison with key agencies in both the public and private sectors.

The Authority has experienced its best year in volume of sales and a sound financial year characterized by a net revenue of $184,974. This net margin compares to $44,202 in 1979-80 $60,485 for 1977-78, and $9,167 for 1976-77. While deliberately maintaining the modest revenues, the Authority has been able to implement a variety of management prescriptions to improve the aesthetic environment as well as the recovery of specialty products in residual stands. For example, the percentage increment in pulpwood yield per acre has increased from 18% in 1976 to 54% in 1979.

To effectively manage the forests of Algonquin Park keeping in view the complex nature of multiple-use, it is necessary to have a Forest Management Plan based on an accurate knowledge of tree species and their distribution by age and site, and to calculate volume according to wood quality. This requirement for a Plan was recognized from the outset of the establishment of the Authority in 1975 and priority was assigned to the acquisition of data fundamental to the formulation of a Forest Management Plan.

These data, including inventory activities of aerial photography, field sampling, photo analyses, mapping, and interpretation of information, were completed this year and a draft report was presented to the Board. A final report and a Five-Year Operating Plan will be issued in the next fiscal year following consultations and dialogue with the Ministry of Natural Resources and with those publics concerned with the management of the forests of the Park. I am happy to report, therefore, that a long range Forest Management Plan and a Five-Year Operating Plan will be available for implementation in 1980-81.

The progress made this year could not have been possible without the excellent rapport that continued between the Authority and personnel of governments, industry, and other agencies and individuals concerned with the utilization and management of Park resources. This collaboration is essential to the successful pursuit of Authority responsibilities and is gratefully acknowledged.

Board of Directors

Chairman, V.J. Nordin, Toronto
Vice Chairman, J.W. McNutt, North Bay
Directors, G.B. Abdallah, Pembroke
G. Godwin, St. Catharines
A.L. Lock, Dorset
G.B. Priddle, Waterloo
B.A. Reynolds, Huntsville
F.K. Roberts, Toronto
H.J. Searson, Eganville
W.E. Smith, Powassan

Officers

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., R.I.A.

Office

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (706) 789-9647
Telex: 06-875530

Introduction

Logging orginated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The timber harvest contributes about $100 million annually to the Province's economy through logging — primary manufacturing in sawmills, veneer mills and pulp mills, and secondary manufacturing in the woodworking, plywood and furniture industries. The forest industry supplied by Algonquin Park timber comprises twelve sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material.

The Ontario Government established the Algonquin Forestry Authority on January 1, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority's operations are being conducted in conformity with the Algonquin Provincial Park Master Plan, thus balancing the public interest in the quality of the Park for recreation with the need to maintain an adequate supply of logs to mills dependent on Park timber.

Objectives

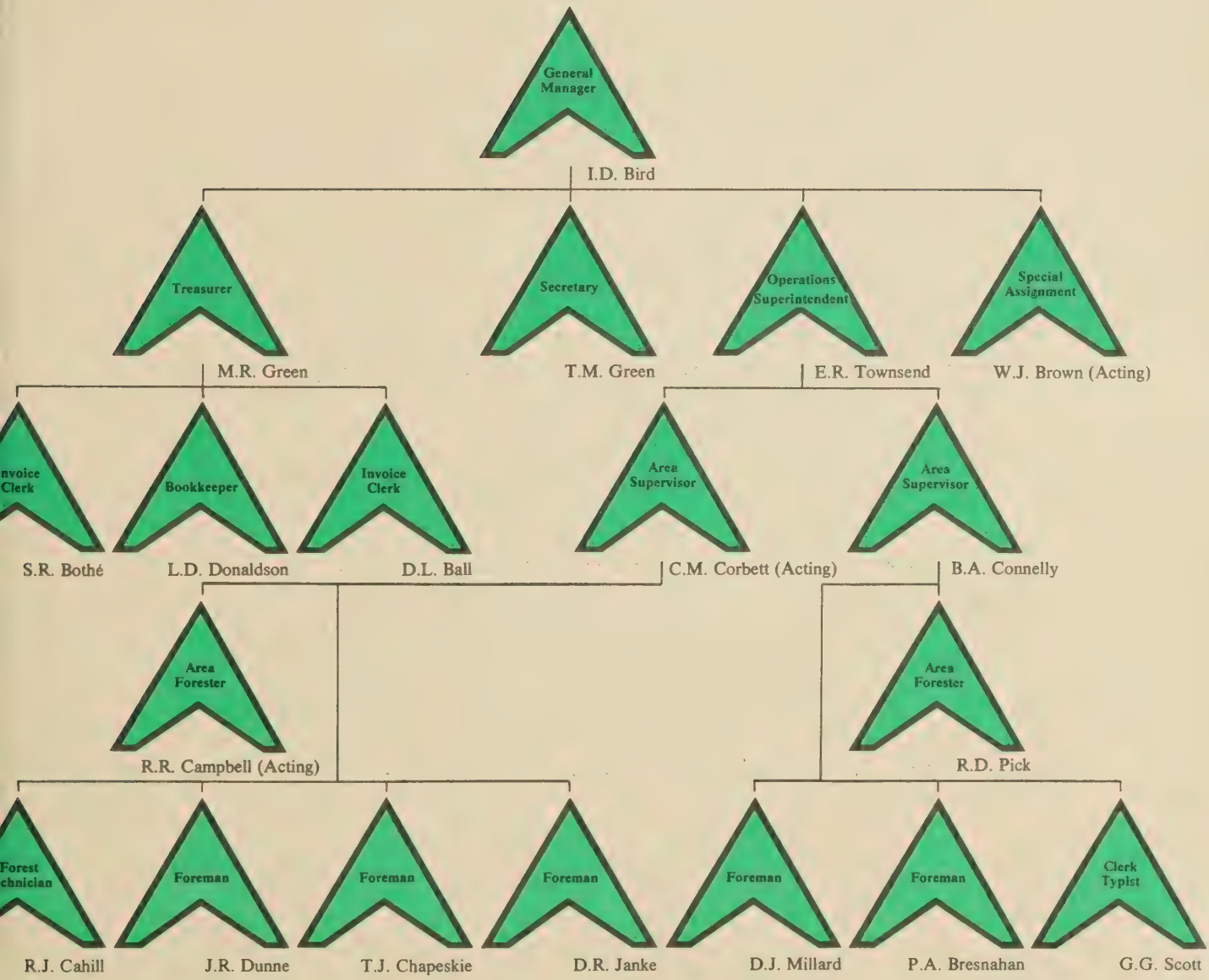
The Authority's objectives are defined in the Algonquin Provincial Park Master Plan, published by the Ministry of Natural Resources in 1974: The Authority functions as a Crown Corporation, harvesting forest products and supplying them to the manufacturing facilities dependent upon supplies from the Park. The Authority also carries out road construction, silvicultural activities and cutting of trees prescribed by the Ministry.

The Authority, as the sole licensee in Algonquin Park, meets raw material commitments to the eighteen mills by contracting with local loggers and with mill operators.

The Board of Directors of the Authority determines appropriate strategies by which the agency meets it objectives. It also prescribes operational practices and procedures in administrative areas not prescribed by the Ministry. The Board supervises the affairs of the Authority to assure its efficiency and effectiveness and advises the Minister on new policies or objectives which it feels may warrant adoption.

The Authority conducts integrated logging operations for a wide variety of forest products and pays normal stumpage and forest management charges. It carries out silvicultural and special project work as directed by the Minister.

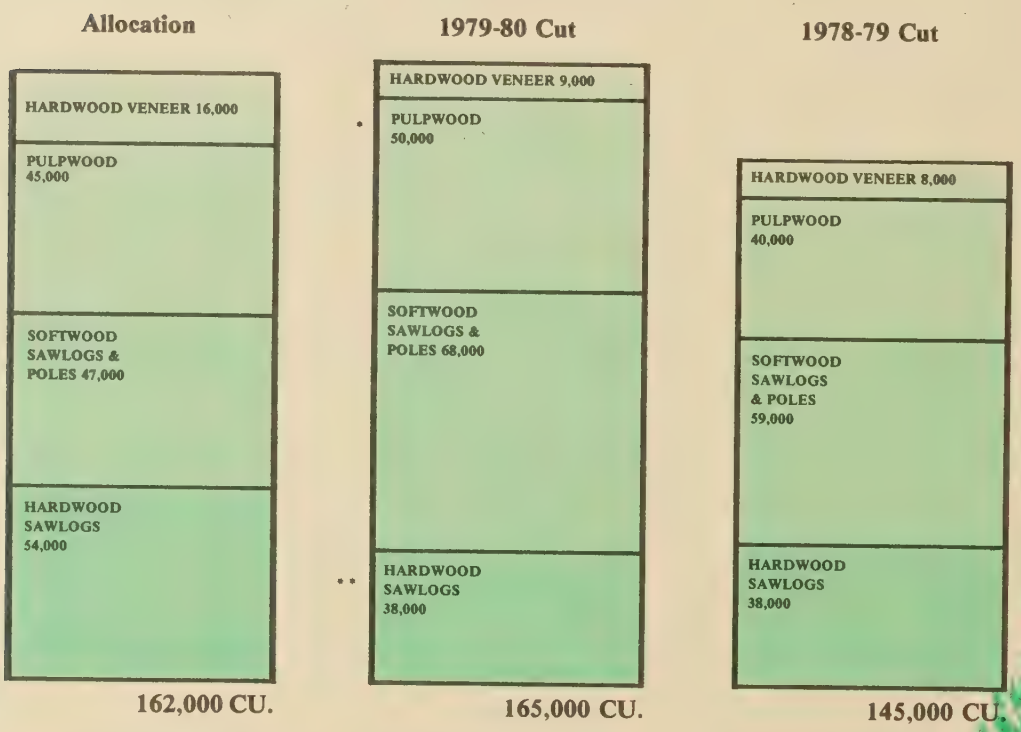
Organization Chart



Operations

Contract logging for product sales increased 18,000 cunits over the previous year up to 91,000 cunits. Standing timber sales to mill operators reached 74,000 cunits, up 2,000 cunits from last year.

Product Distribution – Algonquin Park
Annual Cut (Cunits)



	Allocation	1979-80 Cut	1978-79 Cut
TOTAL	162,000 CU.	165,000 CU.	145,000 CU.

*Includes poplar splint logs
**Excludes 9,000 Cunits to be scaled in 1980
NOTE: 1 Cunit = 100 Cubic Feet

Total cut of 165,000 cunits exceeded last year by 20,000 cunits. This was the highest level of harvest in the 5 year history of the Authority and was attributable to the strong demand for all products. Favourable winter weather with the lowest snow depths in many years was a major contributing factor to the success of the operation.

SALES

Demand was strong for all products except softwood pulp through most of the year. The anticipated softening of lumber markets was late to materialize, resulting in excessive log inventories at most mills when the down-turn struck at year-end.

Product sales of 91,000 cunits grossed $6,181,377. Standing timber sales of 74,000 cunits grossed $847,672. Total sales revenue of $7,029,049 exceeded the previous year by $1,849,275 or 36% on a volume increase of 14%.

FOREST UTILIZATION

Forest management prescriptions designed to improve residual stands were maintained. Successful implementation was due in large measure to the high level of pulpwood production being 30.3% of total harvest compared with 27.5% last year. Improved recovery of specialty products, particularly veneer and splint logs, was a supplementary benefit from increased pulpwood harvest.

Utilization Trends

Year	Hardwood Logs Grade 1	Pulpwood Cunits	Yield per Acre Cunits	Yield % Improvement Over 1975
1975	47.5%	19,000	3.9	—
1976	40.6%	25,000	4.6	+ 18%
1977	39.0%	35,000	5.3	+ 36%
1978	29.9%	40,000	6.3	+ 64%
1979	32.7%	50,000	6.0	+ 54%

Although pulpwood has increased steadily in relative as well as absolute terms, the other criteria; proportion of Grade 1 in hardwood sawlogs and yield per acre have reached a plateau.

FOREST MANAGEMENT

Compilation of forest inventory and preparation of forest stand maps were completed and preparation of the Forest Management Plan is well advanced.

Operations planning cruise was carried out on 18,500 acres. Data collected will form the basis for a 5-year operating plan. A tree marking contract for the Ministry of Natural Resources was completed successfully on 9,400 acres.

A small area of old burn in Niven Township which failed to regenerate naturally was planted with 120,000 bare root red pine and jack pine.

Cut-over survey identified 22,000 acres cut in 1978-79 for a yield of 6.3 cunits per acre.

Site preparation for natural seeding of red pine was carried out on 110 acres of seed tree cut in Clancy Township to obtain the benefit of an anticipated heavy seed crop.

CONSTRUCTION

The Shirley Lake Road, a main access route being built to truck-trailer standard was extended a further 2 miles north to mileage 13.

A two mile section of main access route in Bruton Township was relocated to avoid a steep hill which impeded hauling of forest products.

Two timber bridges were replaced on Clyde Creek and the west branch of the York River.

REHABILITATION

Tress were planted on the sites of 3 old logging camps and 1 abandoned gravel pit. Temporary crossings of 4 creeks and 1 portage were rehabilitated to natural conditions.

PERSONNEL

W.J. Brown, Area Supervisor, Huntsville, was assigned full time to preparation of the Forest Management Plan. The vacant position was filled on an acting basis by C.M. Corbett, Area Forester, Huntsville. The Area Forester position was assigned to a temporary replacement.

A Salary Administration Plan based on performance appraisal and merit was implemented. Salary levels were revised to reflect comparable situations in the forest industry.

PUBLIC RELATIONS

Contact with the public was maintained through personal contacts by directors and staff as well as through speaking engagements and lectures.

All of the Algonquin Master Plan Review public hearings were attended by A.F.A. staff. A brief was submitted to the Provincial Parks Council for the 5-year review of the Master Plan. Consultation was provided to Parks Council on questions of particular concern such as forest management practices and roads.

FINANCE

The Authority confirmed its economic viability and operated without grant income. Net income of $184,974 was $120,772 over last year due to increased sales volume.

Current assets were up $148,386 with accounts receivable as the main component, up $144,669. This was a result of favourable winter weather conditions which extended logging operations to year-end. Net fixed asset additions of $30,319 occured mainly in roads and bridges. Deferred charges, up $38,794, represent additional investment in the 20 year Forest Management Plan.

Liabilities were up $32,525 again reflecting the extended operating season.

Administrative expenses of $615,600 were up $54,367 or 9%. Salaries and benefits up $59,309 were offset by the $36,574 increase in overhead allocation. This latter account is used mainly to charge staff salaries to revenue or capital projects such as the Forest Management Plan. Interest expense of $57,930, up $22,122 from last year reflects interest rates that increased from 12% to 16.5% during the year.

FORECAST

Excessive log inventories will be converted into lumber inventories at most mills as soft lumber markets prevail. Demand for logs will therefore remain weak pending possible market reaction to declining interest rates. Pulpwood demand could be curtailed by possible strikes in the pulp and paper industry where collective agreements expire early in the year. Production is forecast at 157,000 cunits, down 8,000 cunits from 1979-80. Sales income is forecast at $6.9 million, which would provide net income of $96,000. Achievement of these modest objectives would be jeopardized by further softening of lumber markets or by extended strikes in the pulp and paper industry.

The Forest Management Plan and Five-Year Operating Plan will be completed and submitted to the Ministry of Natural Resources for approval. The public will be informed of the process and content of the Management Plan as recommended by Parks Council in the Master Plan Review. Product volume allocations to client mills will be revised as required to conform with annual allowable cut determined by the Management Plan.

Construction will be confined to priority items such as completion of the Shirley Lake Road to mile 15 to facilitate log haul in 1981. Less essential maintenance items will be deferred in anticipation of strained financial resources.



Algonquin Forestry Authority

(Incorporated without share capital under The Algonquin Forestry Authority Act, 1974).

Balance Sheet as at March 31, 1980

Assets	1980 $	1979 $
Current		
Cash	27,641	100
Accounts receivable	560,421	415,753
Inventory, at cost	7,210	23,210
Prepaid expenses	1,305	9,129
	596,577	448,192
Fixed		
In service, at cost (note 1)	394,598	333,627
Less accumulated depreciation and amortization	163,045	132,393
	231,553	201,234
Deferred charges (note 2)	131,204	92,410
	959,334	741,836
Liabilities and Surplus		
Current Liabilities		
Bank indebtedness	—	15,054
Accounts payable and accrued liabilities	441,135	244,054
Contractors' performance holdbacks	1,139	59,339
Term loans, Province of Ontario	58,697	150,000
	500,971	468,447
Surplus	458,363	273,389
	959,334	741,836

See accompanying notes to financial statements.

On behalf of the Board:

A. L. Cook
Director

V. J. Nordin
Director

Statement of Income and Expense for the year ended March 31, 1980

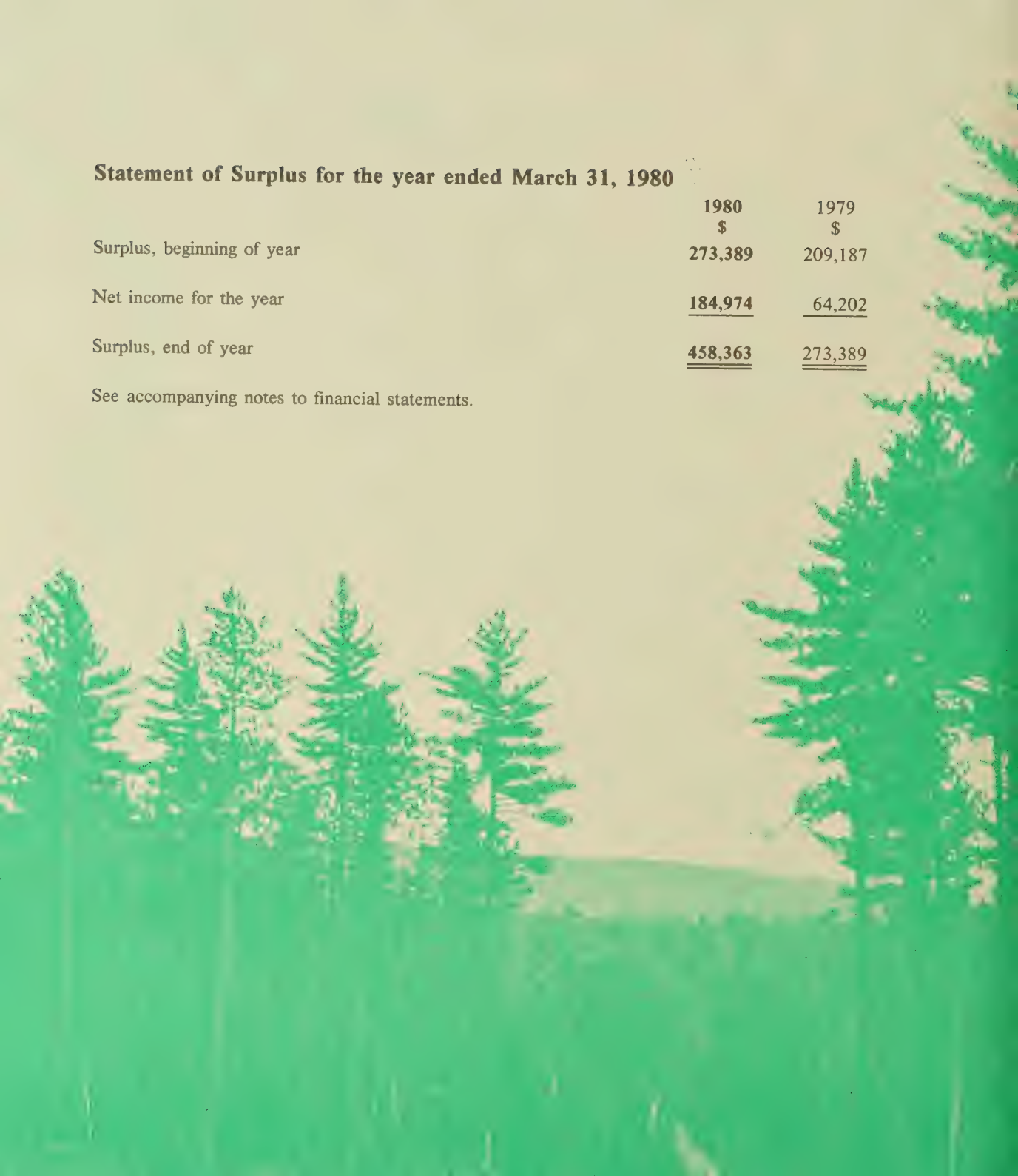
	1980	1979
	$	$
Income		
Product sales	6,181,377	4,491,108
Standing timber sales	847,672	688,666
Road tolls	10,400	17,000
Tree marking revenue	100,583	105,474
Silvicultural project revenue	15,662	11,140
Grant, Province of Ontario (note 3)	—	20,000
	7,155,694	5,333,388
Expenses		
Operating — direct		
Logging and distribution costs	4,902,619	3,530,915
Crown timber stumpage charges	1,294,633	1,006,991
Operations planning cruise	17,446	25,274
Road maintenance	14,681	15,137
Area charges	7,962	7,659
Tree marking	99,922	107,738
Silvicultural project expense	17,441	11,518
Rehabilitation project expense	416	2,721
	6,355,120	4,707,953
Administrative, indirect operating and other		
Salaries and benefits	426,923	367,614
Directors' allowances and expenses	18,872	18,889
Office rent	21,368	19,789
Office supplies and expenses	30,020	28,188
Staff recruitment and relocation	7,826	61
Staff travel	6,771	6,270
Staff training	1,067	1,011
Vehicle operating	38,779	30,074
Technical supplies	7,078	9,157
Public relations	1,949	1,958
Legal and consulting	2,056	1,773
Insurance	6,765	6,135
Depreciation and amortization	41,812	51,548
Interest (net)	57,930	35,808
Overhead allocation	(53,616)	(17,042)
	615,600	561,233
	6,970,720	5,269,186
Net income for the year	184,974	64,202

See accompanying notes to financial statements.

Statement of Surplus for the year ended March 31, 1980

	1980 $	1979 $
Surplus, beginning of year	**273,389**	209,187
Net income for the year	**184,974**	64,202
Surplus, end of year	**458,363**	273,389

See accompanying notes to financial statements.



Statement of Changes in Financial Position for the year ended March 31, 1980

	1980 $	1979 $
Source of working capital:		
Net income for the year	**184,974**	64,202
Add item not requiring outlay of working capital — depreciation and amortization	**41,812**	51,548
	226,786	115,750
Proceeds from disposal of fixed assets	**4,122**	5,723
	230,908	121,473
Use of working capital		
Purchase of fixed assets	**76,253**	72,262
Deferred charges (note 2)	**38,794**	57,724
	115,047	129,986
Increase (decrease) in working capital	**115,861**	(8,513)
Working capital (deficiency), beginning of year	**(20,255)**	(11,742)
Working capital (deficiency), end of year	**95,606**	(20,255)

See accompanying notes to financial statements.



Notes to Financial Statements March 31, 1980

1. FIXED ASSETS, DEPRECIATION AND AMORTIZATION

Fixed assets in service are stated at acquisition cost and consist of:

	1980		1979	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	25,619	10,153	25,142	7,700
Technical equipment	5,722	1,889	5,722	1,317
Automotive equipment	57,360	31,441	51,836	29,180
Building and structures	13,461	3,255	13,462	1,909
Capital roads	292,436	116,307	237,465	92,287
	394,598	163,045	333,627	132,393
	163,045		132,393	
	231,553		201,234	

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amoritization period of ten years.

2. DEFERRED CHARGES

The costs of $131,204 (1979 – $92,410) represent a part of a forest management plan. The Authority plans to amortize these costs on a straight line basis over twenty years, commencing with the 1980-81 fiscal year.

3. GRANTS, PROVINCE OF ONTARIO

The Authority received a grant of $20,000 for the 1979 fiscal year from the Province of Ontario pursuant to section 12 of The Algonquin Forestry Authority Act, 1974. This grant was to cover extraordinary expenses for the 1979 fiscal year and was not required for the 1980 fiscal year.

4. COMPARATIVE FIGURES

Comparative figures for 1979 have been reclassified where necessary to conform with 1980 presentation.

Ontario

Office of the Provincial Auditor
Parliaments Buildings, Queen's Park, Toronto, Ontario M7A 1A2 416/965-1381

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Toronto, Ontario
June 20, 1980

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Rock L.
Whitney
Madawaska
East River
Hay L.
Madawaska River
Dwight
Kawagama L.
Huntsville
Lake of Bays
Dorset
Haliburton L.
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden



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Algonquin Forestry Authority

Sixth Annual Report
1980—1981

Introduction

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The timber harvest contributes about $100 million annually to the Province's economy through logging — primary manufacturing in sawmills, veneer mills and pulp mills, and secondary manufacturing in the woodworking, plywood and furniture industries. The forest industry supplied by Algonquin Park timber comprises eleven sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material.

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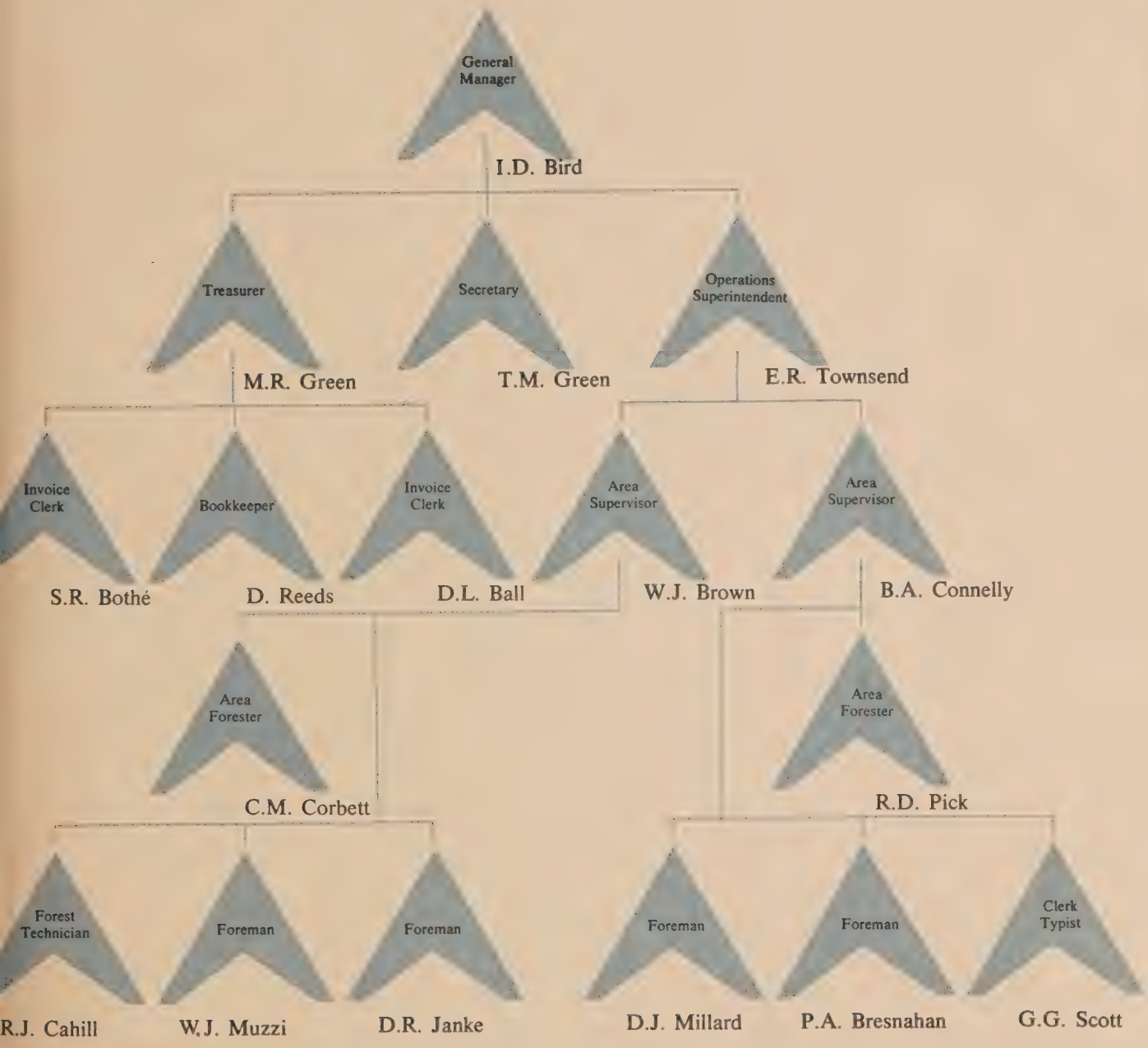
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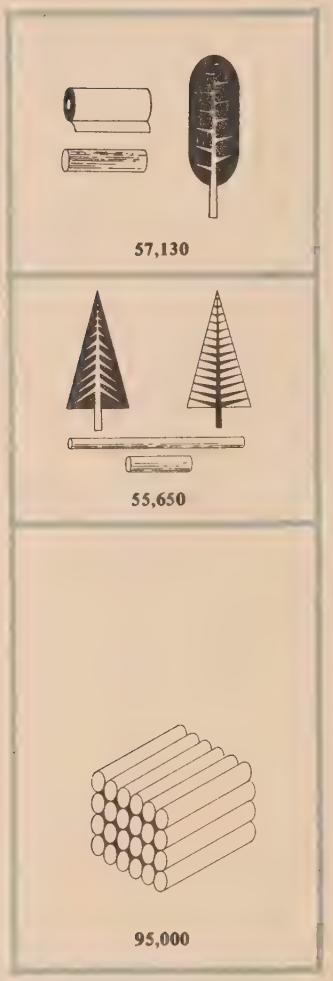


Organization Chart



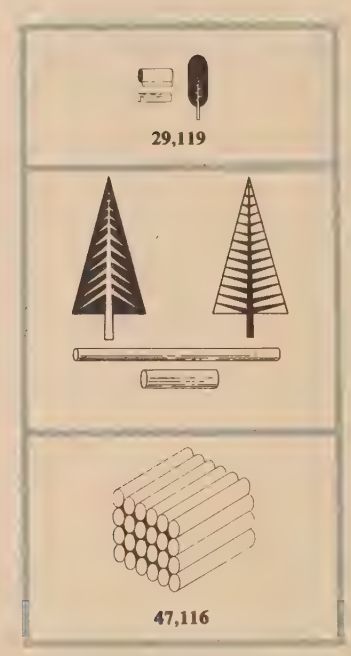
Product Distribution — Algonquin Park
Annual Cut (cunits)

ALLOWABLE CUT



TOTAL 207,780

1980–81 CUT

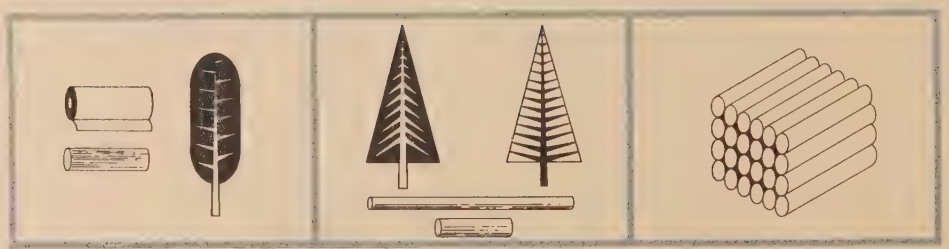


135,203

1979–80 CUT



165,000



HARDWOOD VENEER & SAWLOGS

SOFTWOOD SAWLOGS & POLES

PULPWOOD

LOGGING OPERATIONS

Total cut of 135,000 cunits was down 30,000 cunits from last year as a result of soft markets. Standing timber sales of 38,000 cunits were most affected being down 36,000 cunits. Contract logging for product sales, on the other hand, was up by 6,000 cunits to 97,000 cunits.

SALES

All client mills started the year with high log inventories thus a low level of log demand was anticipated. Demand declined as log inventories were manufactured into lumber for the soft lumber markets which prevailed throughout the year. The pulpwood market was affected by high volumes of sawmill chips generated by chipping low grade material and by sawing of ties which were in strong demand. The demand for pulpwood therefore declined from its early strong position. Sales of other low-grade products such as smelter pokers, charcoal furnish and fuelwood reached an all time high of 2,552 cunits.

FOREST UTILIZATION

The higher degree of integration achieved on contractor operations for product sales facilitated an increase in the pulpwood component from 30% of total cut last year to 34% in 1980. Although the volume was down in absolute terms, the increased pulpwood proportion contributes towards improved residual stands and reduced waste in the forest. The cost of such improvements is supported by the margin on sale of higher value products.

FOREST MANAGEMENT

Preparation of the 20 year Forest Management Plan was completed. The recommendation of the Provincial Parks Council in its 5 year review of the Algonquin Provincial Park Master Plan for public review of the management plan was followed. An illustrated display describing the process and content of the management plan was shown to the public at North Bay, Cache Lake in Algonquin Park, Pembroke and Huntsville. The same display was seen by clients and interest groups in the course of review meetings at Barry's Bay and Dorset. The approved Forest Management Plan reflects the public input received in the review process as well as M.N.R. input resulting from the prescribed in-house review.

Operations planning cruise on 39,000 acres completed the data base for the Five-Year Operating Plan. The completed Plan was submitted for approval.

The Annual Allowable Cuts developed in the Forest Management Plan, complemented by individual stand data from the Five-Year Operating Plan, were the basis for calculations of product volume allocations to client mills. These allocations replace interim allocations established in 1975.

Comparison of Allocations with Allowable Annual Cut (cunits per year)

PRODUCT	ALLOCATION 1975–79	ALLOWABLE CUT	ALLOCATION 1980–85	SURPLUS AVAILABLE
*Hardwood Veneer Logs	12,150	4,500	4,500	—
**Hardwood Sawlogs	54,034	51,000	48,300	2,700
Hemlock Sawlogs	—	21,000	11,000	10,000
Pine & Spruce Sawlogs	43,832	32,000	32,000	—
Poplar Splint Logs	3,739	1,630	1,630	—
Red Pine Poles	2,804	2,650	2,650	—
Poplar Pulpwood	—	35,000	23,000	12,000
Hardwood Pulpwood	45,000	35,000	16,000	19,000
Softwood Pulpwood	—	25,000	6,000	19,000
TOTAL	161,559	207,780	145,080	62,700

*Excludes Maple
**Includes White Birch

The indicated surplus in hardwood sawlogs is White Birch. The Hemlock sawlog surplus is being offered to mills most affected by the reduction in Pine and Spruce sawlog allocation. It is essential to maintenance of sawlog and specialty product commitments that surplus pulpwood grade material be marketed. Efforts are in progress to this end and there is reason for optimism as sawmills install small log equipment and round-wood chippers.

Planting of a barren site in Niven Township was completed with 20,000 bareroot Red Pine planted on 62 acres. Open cut-over of 300 acres in Edgar and Stratton Townships was planted with 146,000 bare-root Red Pine, White Pine, White Spruce and Red Spruce.

CONSTRUCTION

Planned construction was curtailed in anticipation of a short cash position resulting from reduced sales volume. The only capital project undertaken was a 2 mile section of the Shirley Lake Road which extended this essential primary road to mileage 15.

REHABILITATION

Dismantling and removal of buildings were undertaken at an abandoned sawmill in White Township. An old logging camp on Brule Lake was removed and the site rehabilitated. Temporary canoe route crossings near Burntroot Lake, North Tea Lake, Otterpaw Lake and a temporary hiking trail crossing near Eastend Lake were rehabilitated to natural conditions.

PERSONNEL

W.J. Brown, Area Supervisor, and his acting replacement Carl Corbett, Area Forester, returned to their regular positions on completion of Brown's temporary assignment to the Forest Management Plan project.

Resignations: L. Donaldson — Bookkeeper
J. Dunne — Foreman

Appointments: D. Reeds — Bookkeeper
J. Muzzi — Foreman

PUBLIC RELATIONS

The normal programme of speaking engagements and lectures was supplemented by the special public information project related to the Forest Management Plan.

A full colour information brochure on integrated resource management in Algonquin was prepared and placed for distribution at various Park locations.

FINANCE

Net income of $103,017 declined from $184,974 last year due to reduced volume and lower value product mix. The balance sheet surplus increased to $561,380.

Current assets include $25,863 of log inventory which could not be hauled due to early imposition of spring weight restrictions. All inventory was forwarded to gravel roads for final haul after removal of weight restrictions. Deferred charges represent the completed Forest Management Plan at a value of $150,815 less the first year depreciation of $7,541.

Income of $7,735,282 was up $579,588 or 8% on a 6,000 cunit increase in product sales despite the 36,000 cunit decline in lower value standing timber sales.

Expenses of $7,632,265 were up 9.5% over last year reflecting inflationary escalation of logging costs as well as the 6,000 cunit increase in product sales.

FORECAST

Uninterrupted production at most client mills combined with the reduced log deliveries has created a modest demand for logs despite soft lumber markets and depressed prices for most lumber products. Persistence of high interest rates will maintain downward pressure on lumber demand and prices. In the face of this situation the Authority is planning on the same production level as last year with no assurance that even the reduced proportion of pulpwood can be sold.

This situation combined with the allowable cut surplus of pulpwood will require aggressive efforts to market pulpwood grade material. This is essential for the silvicultural success of the operation.

The reduction in pine allowable cut imposed by the Forest Management Plan confirms that the ideal circumstances required for natural regeneration after a seeding cut do not occur in all situations. " For these less than ideal situations, some combination of site preparation, hand seeding, planting and control of competition will be required."[1]

The nature and extent of silvicultural work required to supplement natural regeneration of pine is unknown at this time. A pilot regeneration survey will be done in 1981 in order to identify failed areas and plan corrective action.

1 Forest Management Plan Algonquin Provincial Park (1981)

Algonquin Forestry Authority

(Incorporated without share capital under The Algonquin Forestry Authority Act, 1974)

BALANCE SHEET AS AT MARCH 31, 1981

ASSETS	1981 $	1980 $
Current		
Cash	—	27,641
Short term investments	100,000	—
Accounts receivable	391,863	560,421
Inventory, at cost	25,862	7,210
Prepaid expenses	3,382	1,305
	521,107	596,577
Fixed (note 1)	231,883	231,553
Deferred charges, net of accumulated amortization of $7,541 in 1981 (note 2)	143,274	131,204
	896,264	959,334
Liabilities and Surplus		
Current Liabilities		
Cheques issued in excess of funds on deposit	5,854	—
Accounts payable and accrued liabilities	301,605	441,135
Contractors' performance holdbacks	27,425	1,139
Term loans, Province of Ontario	—	58,697
	334,884	500,971
Surplus	561,380	458,363
	896,264	959,334

See accompanying notes to financial statements.

On behalf of the Board:

V. J. Nordin
Director

B A Reynolds
Director

Algonquin Forestry Authority

STATEMENT OF REVENUE AND EXPENSE FOR THE YEAR ENDED MARCH 31, 1981

	1981 $	1980 $
Revenue		
Product sales	7,161,329	6,181,377
Standing timber sales	559,892	847,672
Road tolls	—	10,400
Tree marking revenue	—	100,583
Silvicultural reforestation revenue	14,061	15,662
	7,735,282	7,155,694
Expenses		
Operating — direct		
Logging and distribution costs	5,791,448	4,902,619
Crown timber stumpage charges	991,310	1,294,633
Operations planning	43,536	17,446
Road maintenance	25,624	14,681
Area charges	6,933	7,962
Tree marking	—	99,922
Silvicultural reforestation expense	15,531	17,441
Rehabilitation project expense	—	416
	6,874,382	6,335,120
Gross profit	860,900	800,574
Administrative — indirect operating and other		
Salaries and benefits	492,296	381,491
Vehicle operating	43,337	30,595
Office supplies and expenses	29,643	30,020
Office rent	23,084	21,368
Directors' allowances and expenses	21,657	18,872
Staff travel	8,435	6,771
Technical supplies	8,131	7,078
Public relations	7,821	1,949
Insurance	7,202	6,765
Staff recruitment and relocation	5,081	7,826
Staff training	2,027	1,067
Legal and consulting	385	2,056
Depreciation and amortization	57,042	41,812
Interest — net (note 3)	51,742	57,930
	757,883	615,600
Net income for the year	103,017	184,974

See accompanying notes to financial statements.

Algonquin Forestry Authority

STATEMENT OF SURPLUS FOR THE YEAR ENDED MARCH 31, 1981

	1981 $	1980 $
Surplus, beginning of year	**458,363**	273,389
Net income for the year	**103,017**	184,974
Surplus, end of year	**561,380**	458,363

See accompanying notes to financial statements.



Algonquin Forestry Authority

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1981

	1981 $	1980 $
Source of working capital		
Net income for the year	103,017	184,974
Add item not requiring outlay of working capital — depreciation and amortization	57,042	41,812
	160,059	226,786
Proceeds from disposal of fixed assets	2,646	4,122
	162,705	230,908
Use of working capital		
Purchase of fixed assets	52,477	76,253
Deferred charges (note 2)	19,611	38,794
	72,088	115,047
Increase in working capital	90,617	115,861
Working capital (deficiency), beginning of year	95,606	(20,255)
Working capital, end of year	186,223	95,606

See accompanying notes to financial statements.

Algonquin Forestry Authority

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1981

1. FIXED ASSETS, DEPRECIATION AND AMORTIZATION

Fixed assets in service are stated at cost and consist of:

	1981		1980	
	Cost	Accumulated Depreciation and Amorization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	27,158	12,646	25,619	10,153
Technical equipment	5,899	2,465	5,722	1,889
Automotive equipment	69,000	40,250	57,360	31,441
Buildings and structures	13,461	4,602	13,461	3,255
Capital roads	319,346	143,018	292,436	116,307
	434,864	202,981	394,598	163,045
	202,981		163,045	
	231,883		231,553	

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

2. DEFERRED CHARGES

The Authority has deferred certain costs incurred in developing a comprehensive forest management plan. Beginning in fiscal 1980–81, these costs are being amortized on a straight line basis over the next 20 years.

3. INTEREST

Throughout the year and especially during the first few months of the logging season, the Authority borrows funds from the Ministry of Natural Resources to meet its immediate cash flow needs. The Authority pays interest on funds borrowed. Towards the end of the season the Authority is generally in a temporary cash surplus position and invests any such funds in short term investment certificates.

4. COMPARATIVE FIGURES

Comparative figures for 1980 have been reclassified where necessary to conform with 1981 presentation.



Ontario

Office of the Provincial Auditor

Parliaments Buildings, Queen's Park, Toronto Ontario M7A 1A2 416/965-1381

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

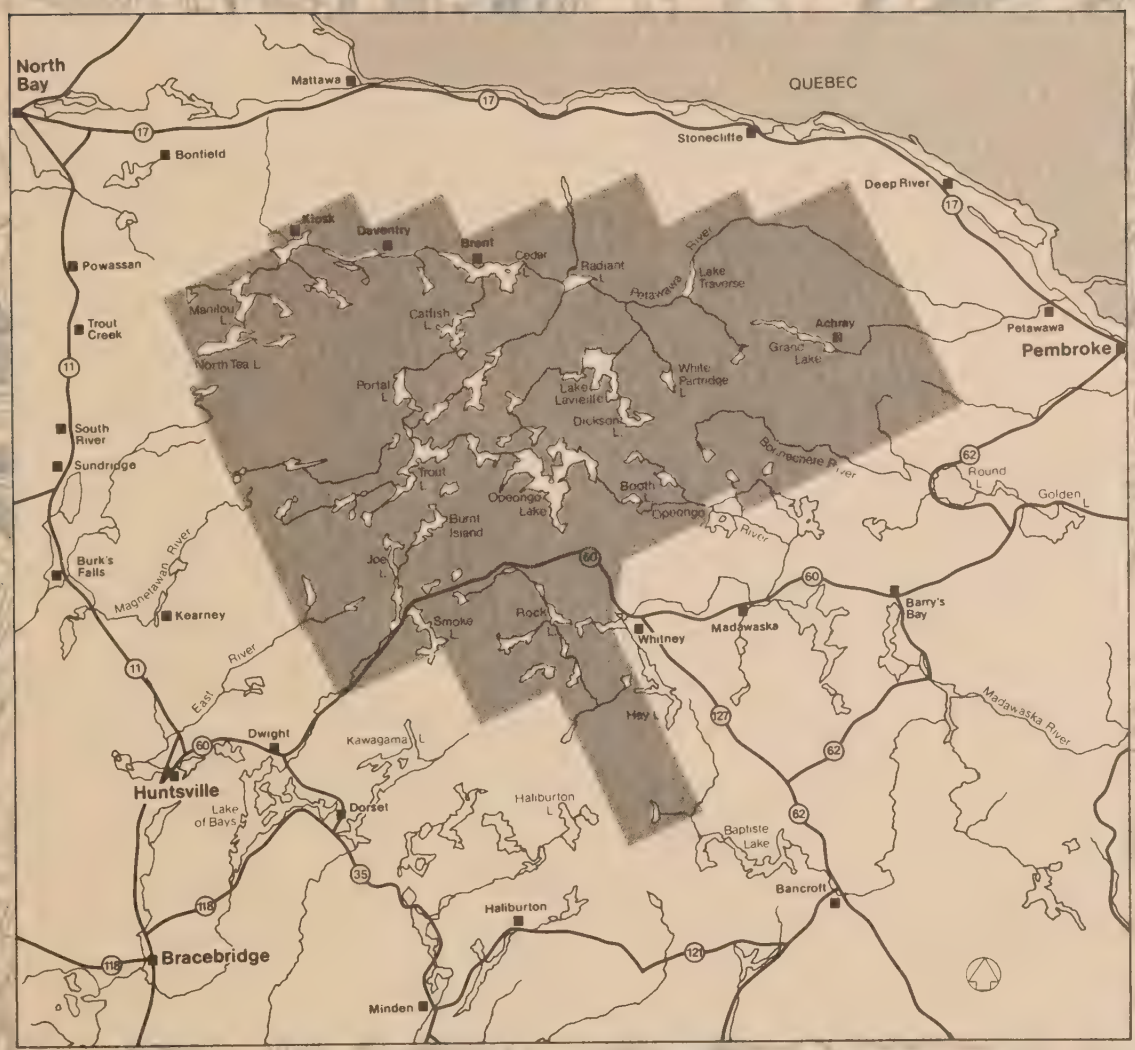
I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1981 and the statements of revenue and expense, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of The Algonquin Forestry Authority Act, 1974, a report on the audit has been made to the Authority and to the Minister.

Toronto, Ontario,
June 18, 1981.

F.N. Scott, F.C.A.,
Provincial Auditor.


North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L
Petawawa River
Lake Traverse
Powassan
Manitou L
Catfish L
Achray
Grand Lake
Petawawa
Pembroke
Trout Creek
North Tea L
Portal L
White Partridge L
Lake Lavieille
Dickson L
South River
Sundridge
Trout L
Booth L
Opeongo Lake
Opeongo River
Round L
Golden L
Burnt Island
Joe L
Burk's Falls
Magnetawan River
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
East River
Hay L
Madawaska River
Dwight
Kawagama L
Huntsville
Lake of Bays
Dorset
Haliburton L
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden

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Algonquin Forestry Authority

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Seventh Annual Report
1981 - 1982

Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1981, and ending March 31, 1982.

ALAN POPE
Minister

Algonquin
Forestry
Authority

Honourable Alan Pope
Minister of Natural Resources

Honourable Sir:
I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1981, and ending March 31, 1982.

V.J. NORDIN
Chairman

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Chairman's Foreward

The past fiscal year has been a difficult period for the forest industries throughout Canada and, in Ontario, the depressed economy seriously affected markets for all manufactured forest products. Markets will probably remain stagnant into 1983 as long as high interest rates persist.

The Authority incurred its first loss since the start-up year of 1975. However, the loss of $83,729, while consistent with reductions in revenue experienced throughout the forest industry, is less severe than losses in most segments of the industry, when related to the Authority's total sales of $8,000,000.

The Authority is confident of the future and the inevitable improvement of the economy based on the soundness of the forest industry. In the interim, however, the Authority is restraining capital expenditures and effecting operational and management economies at every opportunity.

During the year, Authority and Ministry personnel initiated negotiations that will lead to the Authority assuming full responsibility for forest management activities in the Park, including tree marking, silviculture, scaling, and road maintenance. The objective is to effect transfer of these activities to the Authority by April 1, 1983. This is a responsible action that will facilitate the management of the forest resource.

The Authority welcomed the reappointment of F.K. Roberts as well as three new members to the Board, Messrs. John Flavelle, Frank Parrott and Ken Wilson. Three of the charter members of the Board, G.B. Abdallah, A.L. Lock, and B.A. Reynolds completed their terms of office during the year and we thank these gentlemen for their substantial contributions to the establishment and work of the Authority.

The Board compliments the General Manager, I.D. Bird, and his operational staff, for maintaining high levels of quality and production during a year made extremely difficult by depressed Canadian and world markets. The successful implementation of the Authority's mandate depends considerably upon the collaboration of many agencies and individuals and I particularly express appreciation to the Minister, the Honourable Alan Pope, and his Ministry staff, and to the Park Allocation Holders.

V.J. Nordin
Chairman

Board of Directors

Chairman:	V.J. Nordin, Toronto
Vice Chairman:	J.W. McNutt, North Bay
Directors:	W.G. Beatty, Gravenhurst
	J. Flavelle, Pembroke
	G. Godwin, St. Catharines
	R. Milne, Sundridge
	F. Parrott, Huntsville
	G.B. Priddle, Conestogo
	F.K. Roberts, Toronto
	K. Wilson, Boulter
	D.G. Wolfe, Eganville

Officers

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., R.I.A.

Office

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530

Introduction

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a mutiple-use approach in Algonquin Provincial Park.

The Authority's operations are being conducted in conformity with the Algonquin Provincial Park Master Plan, thus balancing the public interest in the quality of the Park for recreation with the need to maintain an adequate supply of logs to mills dependent on Park timber.

The forest industry supplied by Algonquin Park timber comprises eleven sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $41 million in terms of 1982 value added (1).

OBJECTIVES

The Authority's objectives are defined in the Algonquin Provincial Park Master Plan, published by the Ministry of Natural Resources in 1974. The Authority functions as a Crown Corporation, harvesting forest products and supplying them to the manufacturing facilities dependent upon supplies from the Park. The Authority also carries out road construction, silvicultural activities and cutting of trees prescribed by the Ministry.

The Authority, as the sole licensee in Algonquin Park, meets raw material commitments to the eighteen mills by contracting with local loggers and with mill operators for production and delivery of specified forest products.

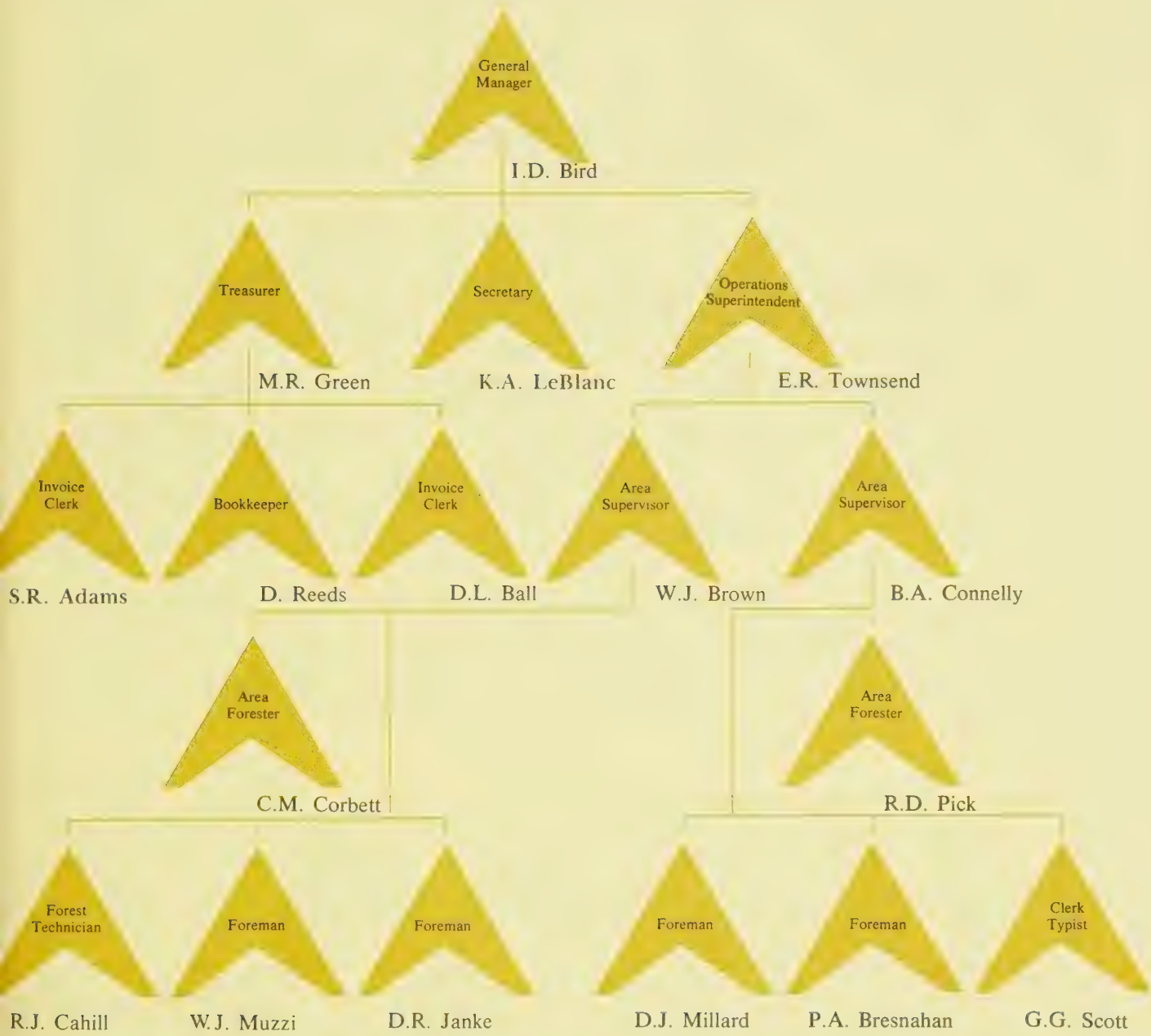
The Board of Directors of the Authority determines appropriate strategies by which the agency meets its objectives. It also prescribes operational practices and procedures in administrative areas not prescribed by the Ministry. The Board supervises the affairs of the Authority to assure its efficiency and effectiveness and advises the Minister on new policies or objectives which it feels may warrant adoption.

The Authority conducts integrated logging operations for a wide variety of forest products and pays normal stumpage and forest management charges. It carries out silvicultural and special project work as directed by the Minister.



(1) "The Forest Industry in the Economy of Ontario" Ministry of Natural Resources, 1981.

Organization Chart



Product Distribution (Cubic Metres)

PRODUCT	ANNUAL ALLOWABLE HARVEST	ANNUAL ALLOCATION	SURPLUS AVAILABLE	HARVEST 1981 - 82	HARVEST 1980 - 81
Hardwood Veneers Logs	12,740	12,740		8,400	9,150
Hardwood Sawlogs	144,330	136,770	7,560	74,340	69,290
Hemlock Sawlogs	59,430	31,150	28,280	29,960	33,280
Pine & Spruce Sawlogs	90,600	90,600		105,390	118,340
Poplar Splint Logs	4,620	4,620		4,120	3,970
Red Pine Poles	7,500	7,500		15,120	15,250
Pulpwood (Includes Firewood)	268,850	127,430	141,420	158,510	133,340
TOTAL	588,070	410,810	177,260	395,840	382,620

LOGGING OPERATIONS

Total harvest of 396,000 cubic metres was up 13,000 cubic metres from last year in spite of soft lumber markets. Contract loggers produced 286,000 cubic metres, an increase of 12,000 cubic metres over last year. Standing timber sales of 110,000 cubic metres to mill operators were 1,000 cubic metres over last year's experience.

Harvest of pine and spruce sawlogs declined 14,000 cubic metres to 105,000 cubic metres as allocated volumes were adjusted towards the levels specified in the Forest Management Plan of 1981. The adjustment will be completed in 1982-83.

Pulpwood and fuelwood harvest of 159,000 cubic metres exceeded last year by 26,000 cubic metres.

SALES

Customers' log inventories were depleted at the start of the year in anticipation of softening lumber and pulp markets. There was therefore a fair demand for forest products at that time although quality standards and pressure on log prices were severe. Markets deteriorated in step with elevating interest rates and declining prices for manufactured products. Customers honoured commitments in spite of the progressive collapse of markets.

Logging for prime products in Algonquin generates large volumes of low quality by-products such as pulpwood, fuelwood, smelter pokers and charcoal furnish. Aggressive marketing efforts among chipping plants, pulp mills and fuelwood suppliers developed 15 outside customers in addition to regular customers resulting in record sales of 159,000 cubic metres of low grade material, representing 40% of total cut. The fuelwood component at 19,000 cubic metres was 12,000 cubic metres over last year's record level.

FOREST UTILIZATION

The preceding table indicates an unallocated surplus of pulpwood grade amounting to 141,420 cubic metres. It is essential to maintenance of sawlog and specialty product commitments that surplus pulpwood grade material be cut. Spot sales achieved in 1981 enabled utilization of pulpwood grade to exceed 1980 experience by 25,170 cubic metres and to broach the unallocated surplus by 31,080 cubic metres. The silvicultural benefit of this improvement will be reflected in future growth of residual stands remaining after partial cuts.

FOREST MANAGEMENT

Operations Planning Cruise was carried out on 4,800 hectares. Data collected are banked for preparation of the next Five Year Operating Plan due in 1985. It is intended to maintain a modest annual cruising program to avoid a crash program in 1984.

A low intensity regeneration survey on 3,290 hectares of 5 and 6 year old pine cut-over indicated 95% acceptable stocking. It remains to identify understocked areas for future artificial regeneration work.

Cut-over of 1980-81 was surveyed and mapped. Area amounted to 11,700 hectares, 3,300 hectares less than the Annual Allowable Cut. Yield was 32.7 cubic metres per hectare.

A study was initiated to monitor growth of residual hardwood stands after cutting.

CONSTRUCTION

The capital construction programme was restrained by limited cash resources and high borrowing costs to 3 kilometres of primary road north of Shirley Lake and replacement of a timber bridge crossing Harry Creek.

REHABILITATION

The Lake Traverse sawmill and buildings have been dismantled, removed and site rehabilitation completed.

The temporary winter crossing of the Bridle Lake - Shirley Lake Portage was removed and the site was restored to its natural condition.

The timber bridge crossing the Little Madawaska River between Hogan Lake and Lake LaMuir was removed and site rehabilitation was started.

The crossing of the portage between Pen Lake and Night Lake was rehabilitated.

Banks were sloped and graded in a number of small, remote gravel pits.

PERSONNEL

First Aid and Safe Driving Training was given to field personnel. Licensed scalers passed required refresher courses. Management staff received training in financial analysis and development of management skills.

PUBLIC RELATIONS

The full colour information brochure on integrated resource management in Algonquin was well received and enjoys wide distribution.

Speaking engagements and lectures supplemented the regular public contacts by staff and directors in promotion of the aims and achievements of the Authority.

FINANCE

Operations resulted in a net loss of $83,729, the first loss since the start-up year of 1975. This result is consistent with the prevailing experience in the forest industry.

Accounts Receivable have been reduced by $46,000 for doubtful accounts incurred among spot sales of low quality products. Inventory valued at $22,227 was a tendered fuelwood sale awaiting final payment subsequently received in full. Operating loans from the Province of Ontario were paid with interest.

Revenue of $8,235,731 exceeded last year by $494,303, being the combined result of price increases and volume increase of 13,000 cubic metres.

Gross income was insufficient to offset administrative expense by virtue of the shift in product mix to low quality, low value by-products and escalation of logging costs. Impact of these factors was compounded by interest expense on operating loans of $91,687 and by $46,000 of bad debt expense.

FORECAST 1982-83

Markets for all manufactured forest products will likely remain depressed for the duration of high interest rates. The mills supplied, while accumulating inventories of sawn lumber, are placing restraints on log inventories. Downtime at most mills, if not already taken or planned, is inevitable.

The Authority's level of activity as a raw material supplier will remain uncertain throughout the year. The current forecast is for production of 329,000 cubic metres, 67,000 cubic metres below the 1981 level. Log prices will not bear inflationary cost increases thus producers will experience contract prices at or near 1981 levels.

In view of the prospect of volume reductions resulting from depressed markets, the Authority is restraining capital and discretionary expenditures.

Algonquin Forestry Authority

(Incorporated without share capital under the Algonquin Forestry Authority Act)

BALANCE SHEET AS AT MARCH 31, 1982

ASSETS	1982 $	1981 $
Current		
Cash	11,347	—
Short term investments	—	100,000
Accounts receivable	398,023	391,863
Inventory	22,227	25,862
Prepaid expenses	1,269	3,382
	432,866	521,107
Fixed (note 2)	250,815	231,883
Deferred charges	135,733	143,274
	819,414	896,264
Liabilities and surplus		
Current Liabilities		
Cheques issued in excess of funds on deposit	—	5,854
Accounts payable and accrued liabilities	214,287	216,495
Contractors' performance holdbacks	127,476	112,535
	341,763	334,884
Surplus	477,651	561,380
	819,414	896,264

See accompanying notes to financial statements.

On behalf of the Board:

V. J. Nordin
Director

Director

Algonquin Forestry Authority

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 1982

	1982 $	1981 $
Revenue		
Product sales	7,649,657	7,161,329
Standing timber sales	570,439	559,892
Other	15,635	6,146
Silvicultural reforestation revenue	—	14,061
	8,235,731	7,741,428
Expenditure		
Operating - direct		
Logging and distribution costs	6,375,851	5,791,448
Crown timber stumpage charges	971,979	991,310
Scaling	33,590	—
Road maintenance	30,415	25,624
Operations planning	12,102	43,536
Area charges	6,381	6,933
Silvicultural reforestation expense	—	15,531
	7,430,318	6,874,382
Gross income	805,413	867,046
Administrative - indirect operating and other		
Salaries and benefits	524,528	492,296
Interest (note 3)	91,687	57,888
Depreciation and amortization	66,342	57,042
Bad debt expense	46,000	—
Vehicle operating	43,213	43,337
Office rent (note 4)	27,862	23,084
Office supplies and expenses	27,856	29,643
Directors' allowances and expenses	20,466	21,657
Public relations	12,955	7,821
Staff travel	9,433	8,435
Insurance	7,231	7,202
Technical supplies	6,154	8,131
Staff recruitment and relocation	—	5,081
Legal	3,105	385
Staff training	2,310	2,027
	889,142	764,029
Net income (loss) for the year	(83,729)	103,017

See accompanying notes to financial statements.

Algonquin Forestry Authority

STATEMENT OF SURPLUS FOR THE YEAR ENDED MARCH 31, 1982

	1982 $	1981 $
Surplus, beginning of year	561,380	458,363
Net income for the year	(83,729)	103,017
Surplus, end of year	477,651	561,380

See accompanying notes to financial statements.

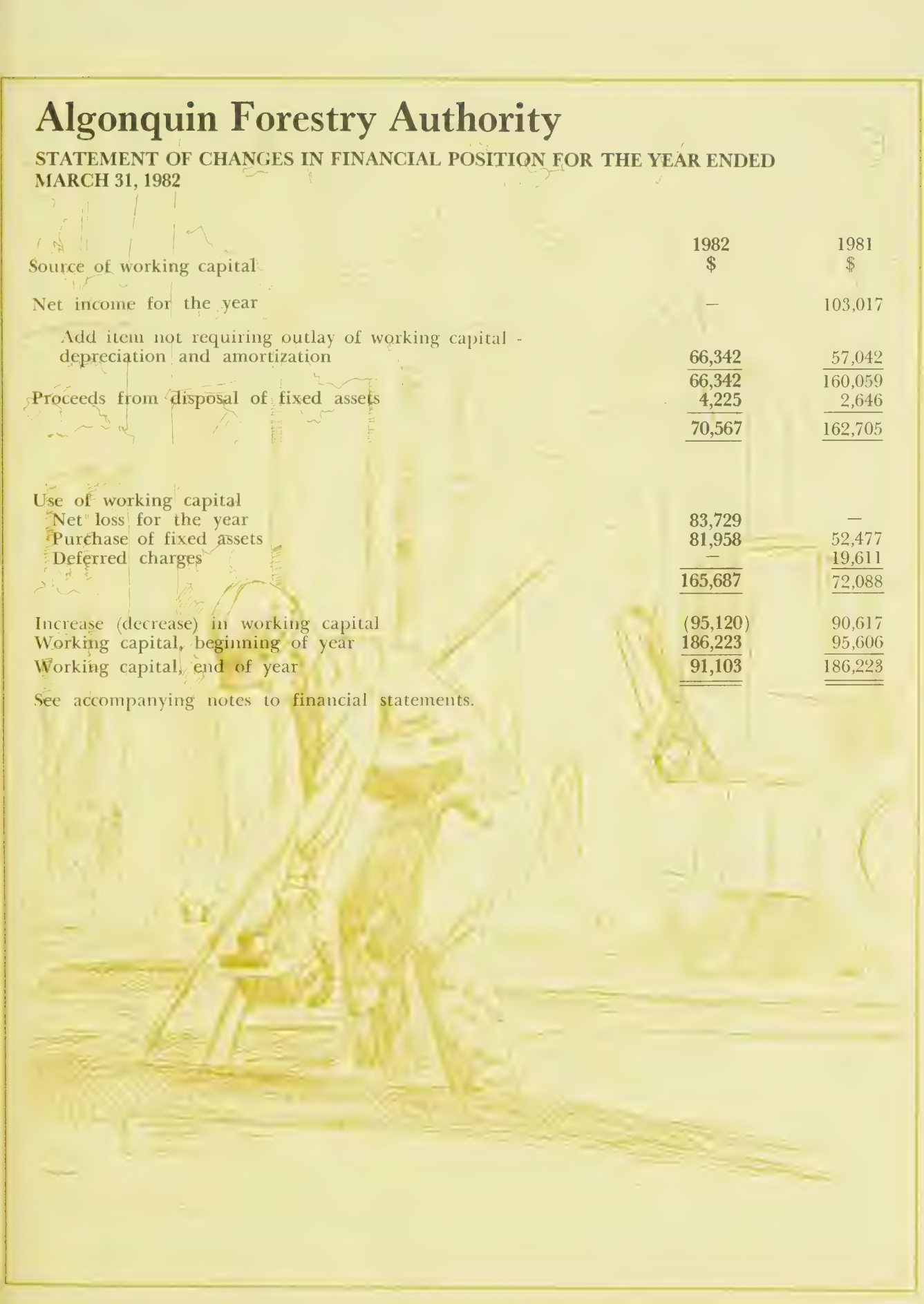


Algonquin Forestry Authority

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1982

	1982 $	1981 $
Source of working capital		
Net income for the year	—	103,017
Add item not requiring outlay of working capital - depreciation and amortization	66,342	57,042
	66,342	160,059
Proceeds from disposal of fixed assets	4,225	2,646
	70,567	162,705
Use of working capital		
Net loss for the year	83,729	—
Purchase of fixed assets	81,958	52,477
Deferred charges	—	19,611
	165,687	72,088
Increase (decrease) in working capital	(95,120)	90,617
Working capital, beginning of year	186,223	95,606
Working capital, end of year	91,103	186,223

See accompanying notes to financial statements.



Algonquin Forestry Authority

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1982

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventory

Inventory is stated at the lower of cost and net realizable value.

(b) Depreciation and amortization of fixed assets

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33 ⅓ per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

(c) Deferred charges

Certain costs incurred in developing a comprehensive forest management plan for the period April 1, 1980 to March 31, 2000 are being amortized on a straight line basis over 20 years.

2. FIXED ASSETS

Fixed assets in service are stated at cost and consist of:

	1982		1981	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	34,751	12,960	27,158	12,646
Technical equipment	6,518	3,106	5,899	2,465
Automotive equipment	82,733	51,764	69,000	40,250
Buildings and structures	13,461	5,948	13,461	4,602
Capital roads	361,027	173,897	319,346	143,018
	498,490	247,675	434,864	202,981
	247,675		202,981	
	250,815		231,883	

3. **INTEREST**

Throughout the year and especially during the first few months of the logging season, the Authority borrows funds from the Ministry of Natural Resources to meet its immediate cash flow needs. The Authority pays interest on funds borrowed.

4. **COMMITMENTS**

The Authority rents premises under two leases which expire on November 30, 1982 and February 29, 1984. The current annual rent under these leases is $4,300 and $21,300 respectively.

5. **COMPARATIVE FIGURES**

Comparative figures for 1981 have been reclassified where necessary to conform with 1982 presentation.



Ontario

Office of the Provincial Auditor

Parliaments Buildings, Queen's Park, Toronto Ontario M7A 1A2 416/965-1381

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1982 and the statements of revenue and expenditure, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D.F. Archer

Toronto, Ontario,
June 28, 1982.

D.F. Archer, F.C.A.,
Provincial Auditor.


North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L
Petawawa River
Lake Traverse
Powassan
Manitou L
Catfish L
Achray
Petawawa
Trout Creek
North Tea L
Grand Lake
Pembroke
Portal L
White Partridge L
Lake Lavieille
Dicksons L
South River
Sundridge
Trout L
Opeongo Lake
Booth L
Opeongo River
Bonnechere River
Burnt Island
Joe L
Burk's Falls
Magnetawan River
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
East River
Hay L
Dwight
Huntsville
Lake of Bays
Dorset
Haliburton L
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Algonquin Forestry Authority

Eighth Annual Report
1982 - 1983

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Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1982, and ending March 31, 1983.

ALAN POPE
Minister

Algonquin
Forestry
Authority

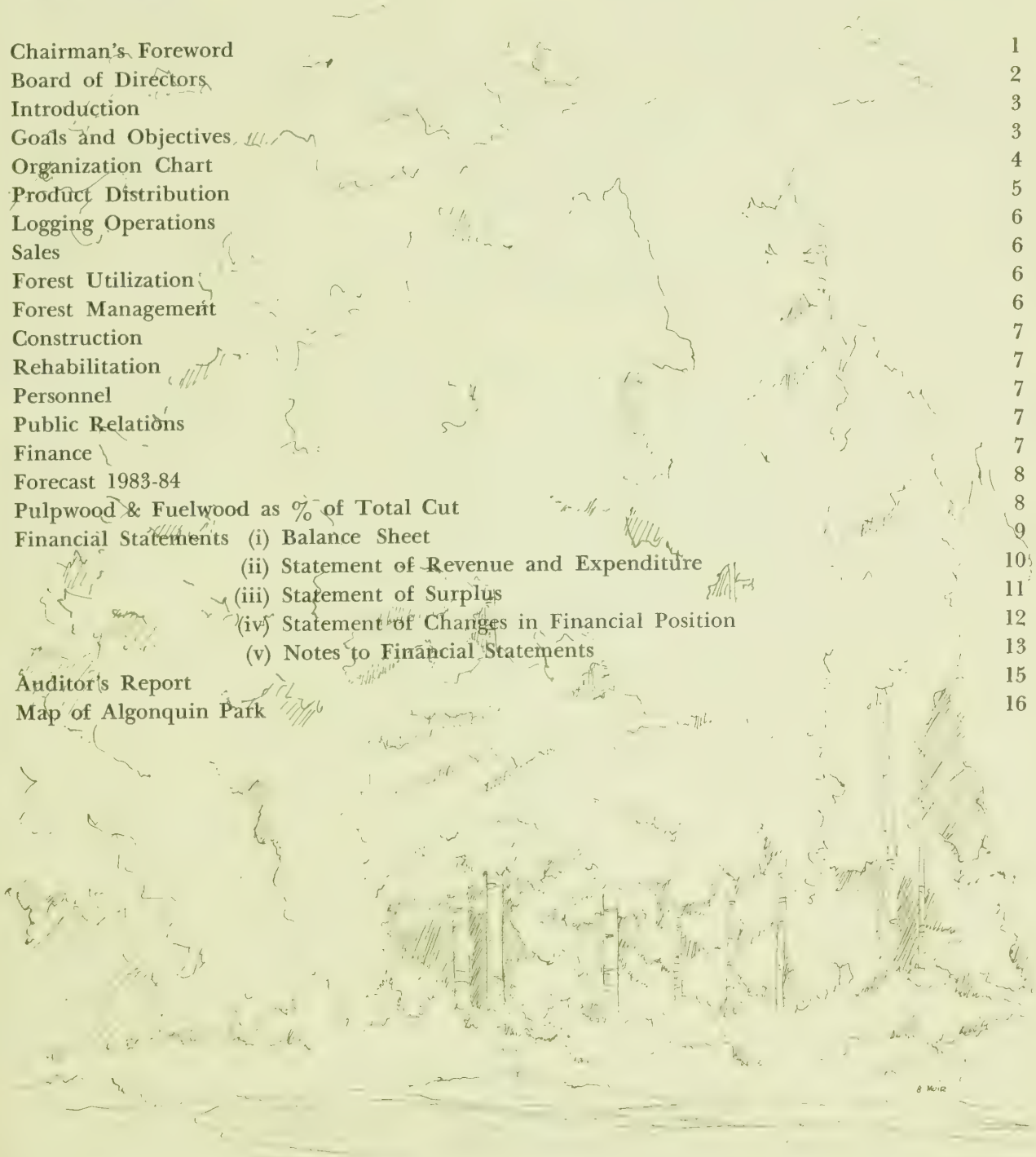
Honourable Alan Pope
Minister of Natural Resources

Honourable Sir:
I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1982, and ending March 31, 1983.

B.A. Reynolds
Chairman

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Chairman's Foreward

The terms of office of four of the founding Directors of the Authority were completed in 1982. The retiring Directors, Chairman V.J. Nordin, Vice-Chairman J.W. McNutt, G. Godwin and G.B. Priddle were instrumental in the successful founding and direction of the Authority through their wise counsel, patience and sensitivity to the principles of integrated resource management. The Board acknowledges with thanks the active participation and good work of these retirees.

Welcome is extended to the new appointees, Vice Chairman F.K. Roberts, Gail Maeck, S.J. Simons, and G.E. Wallace.

The deepening recession of the economy in 1983 was particularly hard on the regional forest industry, dependent as it is on general industrial activity and housing starts. Most of the mills supplied took down-time during the year and sold many of their products below cost to maintain cash flow and to provide employment in communities where alternative employment opportunities are rare.

The sensitivity of the Authority to this situation is evident in the net earnings for the year of $3,430 on $6.8 millions of revenue. Even this modest level of earnings is an indication of sound performance in the context of the prevailing economy. The 1982 results were achieved through the cost reduction measures implemented during the year and through the diligence and dedication of the operational staff.

The announcement by the Minister of Natural Resources in July 1982 of the transfer of forest management responsibilities in Algonquin Park to the Authority culminated extensive study and discussion. A good deal of effort has been expended since that time in devising the transfer procedures for implementation at the effective date April 1, 1983. Appreciation is expressed to the Ministry staff involved in this process for co-operation and support in effecting the transfer. The Authority takes on this assignment of additional duties with serious dedication to maintain the high standards of forest management achieved by the Ministry.

Finally, our forest industry clients are commended for their support through difficult times in the hope that the indications of a modest economic recovery are real.

B.A. Reynolds
Chairman

Board of Directors

Chairman:	B.A. Reynolds, Huntsville
Vice Chairman:	F.K. Roberts, Toronto
Directors:	W.G. Beatty, Gravenhurst J. Flavelle, Pembroke G. Maeck, South River R. Milne, Sundridge F. Parrott, Huntsville J. Simons, St. Catharines G.E. Wallace, North Bay K. Wilson, Boulter D.G. Wolfe, Eganville

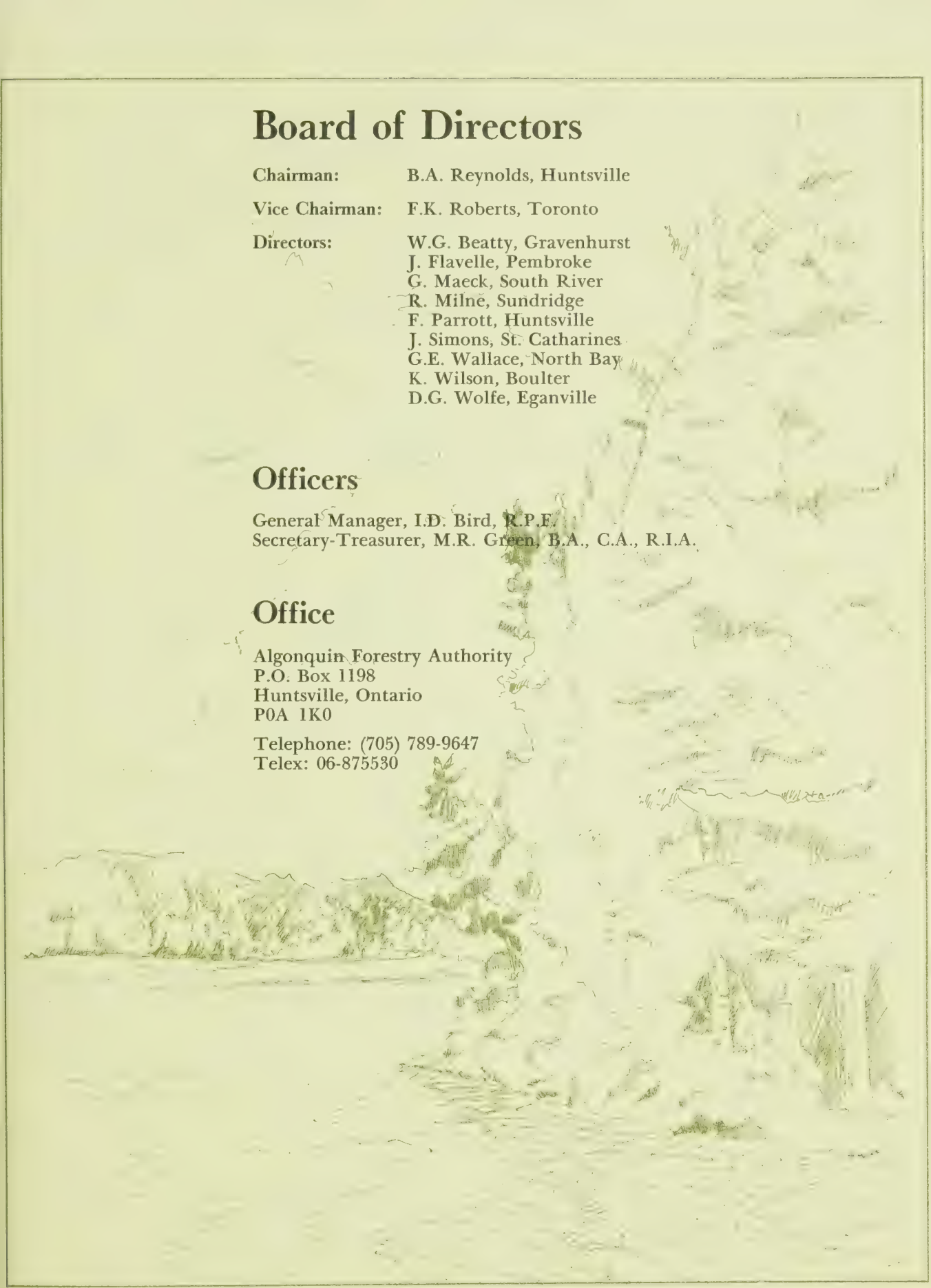
Officers

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., R.I.A.

Office

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530



Introduction

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises eleven sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $38 millions in terms of 1983 value added (2).

GOALS AND OBJECTIVES

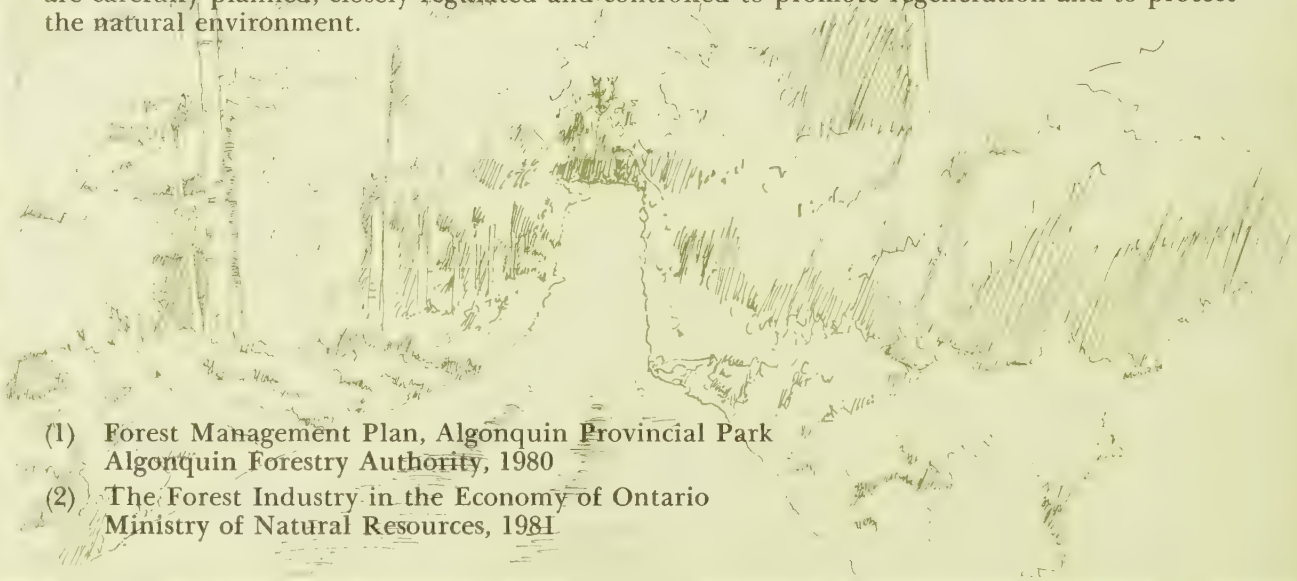
The goal of forest management in Algonquin Park is:

> To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, aesthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

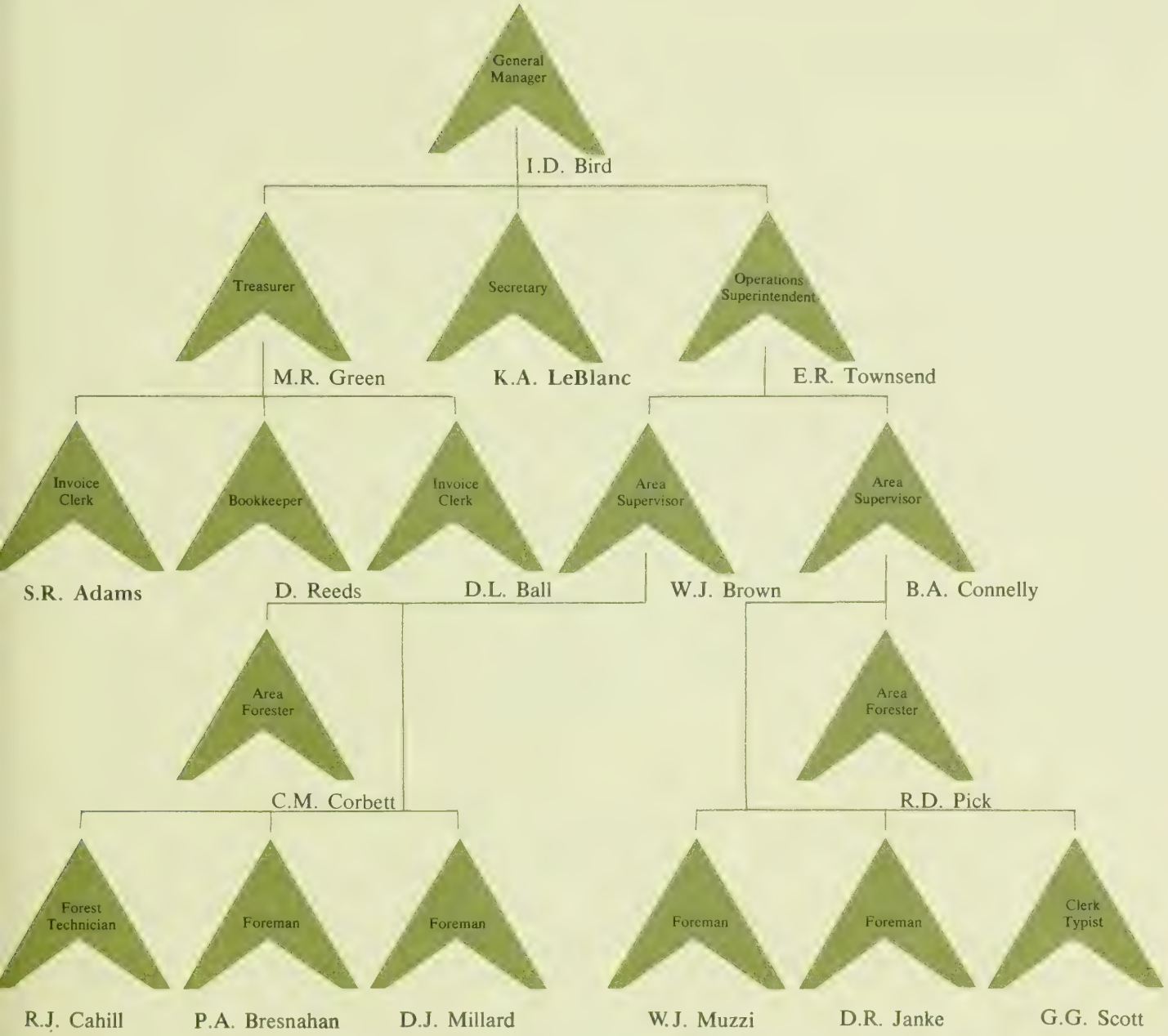
The Authority meets these objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the eighteen dependent mills. Logging operations are fully integrated to generate a wide variety of forest products. Operations are carefully planned, closely regulated and controlled to promote regeneration and to protect the natural environment.



(1) Forest Management Plan, Algonquin Provincial Park
Algonquin Forestry Authority, 1980

(2) The Forest Industry in the Economy of Ontario
Ministry of Natural Resources, 1981

Organization Chart



Product Distribution
(Cubic Metres)

PRODUCT	ANNUAL AVAILABLE HARVEST	ANNUAL ALLOCATION	SURPLUS AVAILABLE	HARVEST 1982 - 83	HARVEST 1981 - 82
Hardwood Veneer Logs	12,740	12,740		12,160	8,400
Hardwood Sawlogs	144,330	136,770	7,560	75,480	74,340
Hemlock Sawlogs	59,430	41,840	17,590	30,860	29,960
Pine & Spruce Sawlogs	90,600	90,610		113,380	105,390
Poplar Splint Logs	4,620	4,620		4,450	4,120
Red Pine Poles	7,500	7,500		6,260	15,120
Pulpwood (Includes Firewood)	268,850	127,430	141,420	122,860	158,510
TOTAL	588,070	421,510	166,570	365,450	395,840

LOGGING OPERATIONS

Total harvest of 365,450 m3 was lower by 30,390 m3, or 8% less than last year. Demand for logs was low through most of the year. A late surge in demand combined with favourable logging conditions through the open winter boosted the harvest 36,450 m3 beyond the level forecast last year.

The pulpwood and fuelwood component which has enjoyed a steady increase since the Authority's inception in 1975, suffered a decline of 35,650 m3 to represent 34% of total harvest from the peak of 40% last year.

SALES

Demand for all manufactured forest products was low and many client mills incurred losses at the depressed prices prevailing. This situation held raw material prices to 1981 levels, effectively dampening any incentive to produce. Declining interest rates failed to generate recovery as the economy remained in recession. A late-year surge in demand and price for spruce lumber resulting from increased housing starts was a temporary side effect of Government grants to first time homeowners, rather than a sustained market improvement. Hardwood lumber markets were soft throughout the year and prices remained depressed below 1979 levels. The major lumber component from Algonquin hardwoods is low grade maple used for industrial crating, blocking and pallets. The low level of industrial activity has curtailed demand for these products. The large volumes of low quality by-products generated by integrated operations were particularly difficult to dispose of, with weak pulpwood demand and a regional surplus of fuelwood resulting from employment assistance programs for forest stand improvement.

FOREST UTILIZATION

The strategy adopted by the Authority to achieve the forest management objective "Upgrade the quality of the forest," has been aggressive marketing of low quality by-products such as pulpwood and fuelwood. This strategy has enjoyed increasing success from 1975, when these products comprised 13% of total harvest, until 1981 when their recovery reached 40% of harvest. There is an element of improvement cutting in this trend which will be reflected in future growth of residual stands remaining after partial cuts. The trend was however broken in 1982 when unfavourable market forces in a weak economy forced low-end recovery down to 34% of harvest. The graph on page 8 illustrates the historical trend of pulpwood-fuelwood recovery.

FOREST MANAGEMENT

The Operations Planning Cruise program continued with 17,000 hectares covered. The normal program was supplemented by a winter cruise of 7,000 ha under the Canada - Ontario A.F.I.P. project providing work for unemployed woodsworkers.

A tree marking contract on 1,700 ha was completed successfully.

Survey of 1981-82 cut mapped 13,000 ha. Yield was 30.4 m3/ha, down from 32.7 m3 the previous year, reflecting the lower quality of the stands allocated for cutting and the reduced recovery of low quality by-products.

The Minister of Natural Resources announced in July 1982 the "transfer of responsibility for forest management in Algonquin Provincial Park to the Algonquin Forestry Authority, beginning April 1, 1983." This transfer will effectively integrate the harvesting and product distribution activities of the Authority with tree marking, scaling, silvicultural projects and maintenance of multi-use roads. The Ministry of Natural Resources retains its directional advisory and regulatory roles.

Extensive discussions on technical, administrative and financial matters led to an orderly phased transfer at the year-end.

CONSTRUCTION

Strained cash resources and high borrowing costs early in the year limited capital construction to 1.7 km of the Shirley Lake Road. This road is now complete to 27 km.

Repairs were made to the Opeongo River Bridge to allow for passage of greater stream flow.

REHABILITATION

Buildings have been removed and site rehabilitation work has started on the location of a former logging camp at Radiant Lake.

The temporary winter road crossing of the Bridle Lake - Shirley Lake Portage was removed and the site was restored to its natural condition.

PERSONNEL

Training was provided to all levels of staff on principles and operation of computers in preparation for a planned data processing system.

The General Manager completed a short term assignment by the Minister of Natural Resources as Chairman of the Forest Utilization Practices Review Committee.

Recruiting was undertaken for four new positions required to direct the forest management work assigned by the Minister.

PUBLIC RELATIONS

A summary of the Forest Management Plan was printed and is available to the general public from the Authority office.

Contact with the public was maintained through distribution of the information brochure.

Speaking engagements, lectures and field visits informed a variety of groups on integrated resource management in Algonquin.

FINANCE

Net income of $3,430 represents an improvement of $87,159 over last year's loss.

The high level of accounts receivable at $706,402 reflects the late-season surge in log deliveries and the extended cutting season. Abnormally high inventory of $40,804 represents the value of logs undelivered at spring break-up. These logs were forwarded to gravel roads to await final delivery after removal of spring load restrictions. Outstanding loan to the Province was $266,585 at year-end. This amount was subsequently paid in full as receivables came in for late deliveries.

Revenue of $6,762,415 down $1,473,316 and expenditures of $6,758,985 down $1,560,475 reflect the decline in volume as well as a significant reduction in discretionary expenses in anticipation of reduced revenue.

Administrative overhead at $886,332 was down $2,810 from last year. A major element in this improvement was a $20,101 decline in interest expense resulting from lower borrowing requirements and declining rates.

FORECAST 1983-84

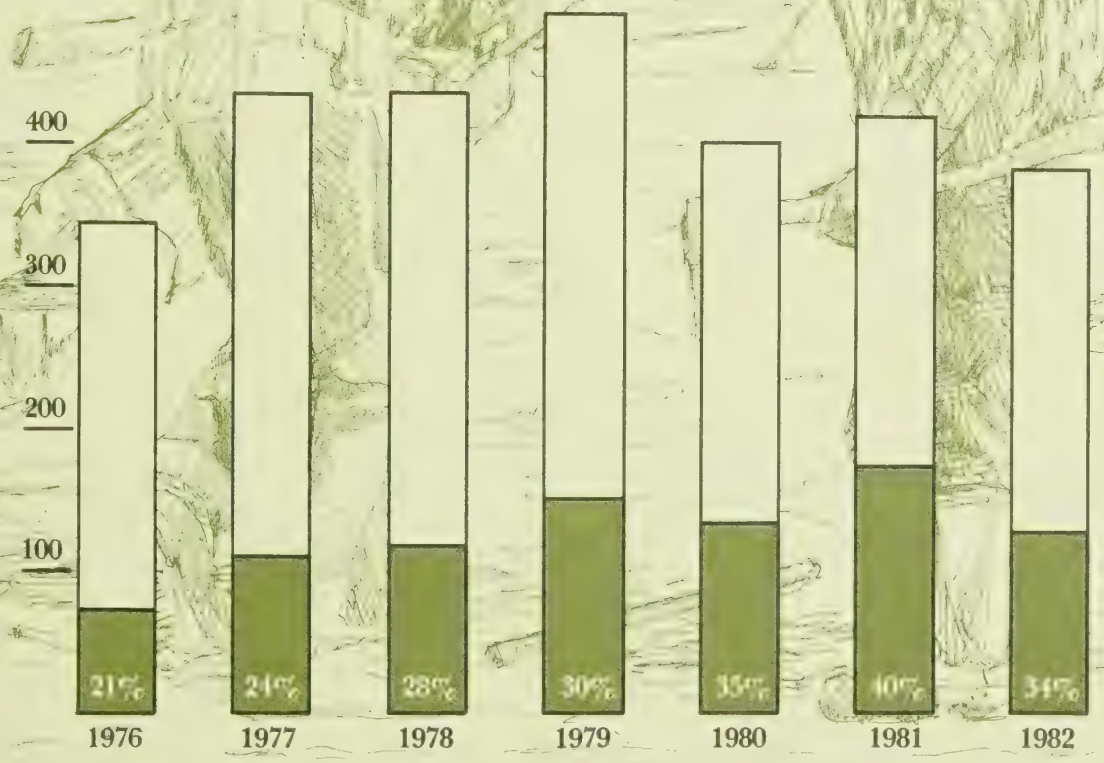
It is apparent that the general economic up-turn will be weak and gradual with persistence of high unemployment and a fragile decline in inflation rate. Forest product markets will be favourably influenced by low interest rates which have already generated increased housing starts with resulting improvements in demand and price for softwood lumber. Hardwood lumber markets have not yet reacted, dependent as they are on industrial activity. Lower cost U.S. hardwood producers have successfully penetrated Ontario markets and local producers will require substantially higher prices in order to compete. Pulp demand is expected to strengthen later in the year.

Planned production of 427,000 m3 is up 62,000 m3 over 1982 with 52% of the increase being pulpwood. The plan is currently threatened by a mill strike at a major hardwood user. Forecast sales income of $8 million will maintain a breakeven position.

Revenue from work assigned within the terms of the Forest Management Under-taking will meet costs of $1.3 million.

PULPWOOD & FUELWOOD AS % OF TOTAL CUT

(Thousands m3)



Algonquin Forestry Authority

(Incorporated without share capital under the Algonquin Forestry Authority Act)

BALANCE SHEET AS AT MARCH 31, 1983

ASSETS	1983 $	1982 $
Current		
Cash	10,553	11,347
Accounts receivable	706,402	398,023
Inventory	40,804	22,227
Prepaid expenses	914	1,269
	758,673	432,866
Fixed (note 2)	248,325	250,815
Deferred charges	128,191	135,733
	1,135,189	819,414

LIABILITIES AND SURPLUS

Current Liabilities		
Accounts payable and accrued liabilities	334,781	214,287
Contractors' performance holdbacks	52,742	127,476
Term loans, Province of Ontario	266,585	—
	654,108	341,763
Surplus	481,081	477,651
	1,135,189	819,414

See accompanying notes to financial statements.

On behalf of the Board:

Frank Parrott
Director

B. A. Reynolds
Director

Algonquin Forestry Authority

STATEMENT OF REVENUE AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 1983

	1983 $	1982 $
Revenue		
Product sales	6,031,694	7,649,657
Standing timber sales	644,189	570,439
Tree marking revenue	69,018	—
Other	17,514	15,635
	6,762,415	8,235,731
Expenditure		
Operating - direct		
Logging and distribution costs	4,913,964	6,375,851
Crown timber stumpage charges	823,232	971,979
Tree marking	52,550	—
Scaling	37,351	33,590
Operations planning	20,318	12,102
Road maintenance	17,095	30,415
Area charges	8,143	6,381
	5,872,653	7,430,318
Operating income	889,762	805,413
Administrative - indirect operating and other		
Salaries and benefits	569,822	524,528
Interest	71,586	91,687
Depreciation and amortization	67,380	66,342
Vehicle operating	40,980	43,213
Office supplies and expenses	37,556	27,856
Directors' allowances and expenses	28,779	20,466
Office rent	28,551	27,862
Legal	9,793	3,105
Technical supplies	8,099	6,154
Staff travel	6,610	9,433
Insurance	5,133	7,231
Public relations	4,218	12,955
Staff training	4,047	2,310
Staff recruitment and relocation	3,455	—
Bad debt expense	323	46,000
	886,332	889,142
Net income (loss) for the year	3,430	(83,729)

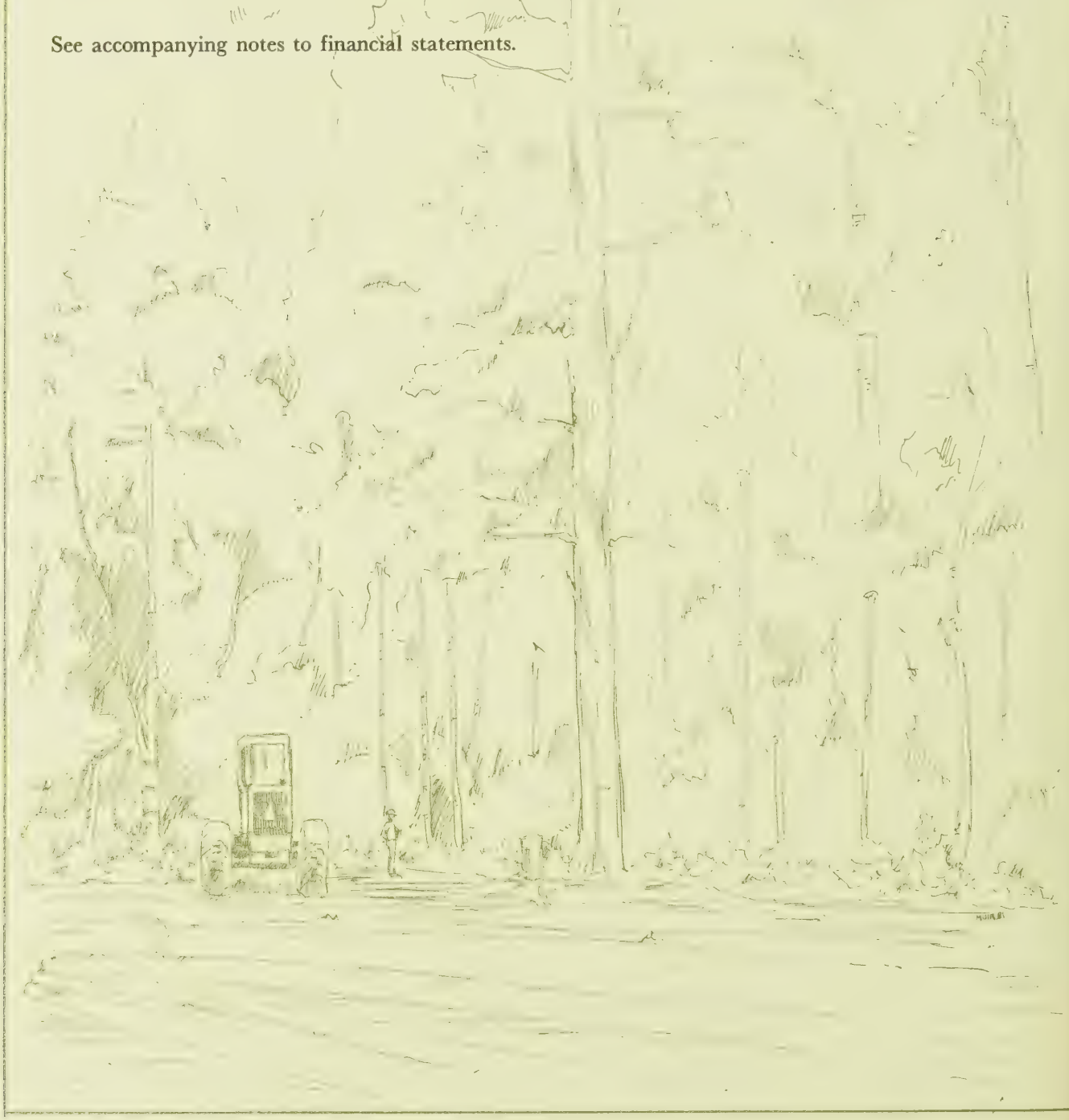
See accompanying notes to financial statements.

Algonquin Forestry Authority

STATEMENT OF SURPLUS FOR THE YEAR ENDED MARCH 31, 1983

	1983 $	1982 $
Surplus, beginning of year	477,651	561,380
Net income (loss) for the year	3,430	(83,729)
Surplus, end of year	481,081	477,651

See accompanying notes to financial statements.



Algonquin Forestry Authority

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1983

	1983 $	1982 $
Source of working capital		
Net income (loss) for the year	3,430	(83,729)
Add item not requiring outlay of working capital - depreciation and amortization	67,380	66,342
	70,810	(17,387)
Proceeds from disposal of fixed assets	7,560	4,225
	78,370	(13,162)
Use of working capital		
Purchase of fixed assets	64,908	81,958
	64,908	81,958
Increase (decrease) in working capital	13,462	(95,120)
Working capital, beginning of year	91,103	186,223
Working capital, end of year	104,565	91,103

See accompanying notes to financial statements.

Algonquin Forestry Authority

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1983

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventory
Inventory is stated at the lower of cost and net realizable value.

(b) Depreciation and amortization of fixed assets
Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures and 33⅓ per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

(c) Deferred charges
Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 2000 were deferred and are being amortized on a straight line basis over 20 years.

2. FIXED ASSETS

Fixed assets in service are stated at cost and consist of:

	1983		1982	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	33,405	15,781	34,751	12,960
Technical equipment	11,403	4,070	6,518	3,106
Automotive equipment	91,237	60,541	82,733	51,764
Buildings and structures	13,461	7,294	13,461	5,948
Capital roads	392,874	206,369	361,027	173,897
	542,380	294,055	498,490	247,675
	294,055		247,675	
	248,325		250,815	

3. COMMITMENTS

The Authority rents premises under two leases which expire on November 30, 1985 and February 29, 1984. The current annual rent, excluding escalation costs under these leases is $4,800 and $21,300 respectively.

4. SUBSEQUENT EVENT

Effective April 1, 1983 the Authority has undertaken certain forestry and land management activities formerly carried out by the Ministry of Natural Resources. Expenditures of approximately $1,300,000 will be incurred with respect to this program which will be recovered from grants from the Ministry and retained stumpage charges.



Ontario

Office of the Provincial Auditor

Parliaments Buildings, Queen's Park, Toronto Ontario M7A 1A2 416/965-1381

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

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In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D.F. Archer

Toronto, Ontario,
June 10, 1983.

D.F. Archer, F.C.A.,
Provincial Auditor.


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Round L
Golden L
Burk's Falls
Magnetawan River
Burnt Island
Joe L
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
East River
Hay L
Madawaska River
Dwight
Kawagama L
Huntsville
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Algonquin Forestry Authority

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Ninth Annual Report
1983 - 1984

Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR
The undersigned begs respectfully to present your Honour
the Annual Report of the Algonquin Forestry Authority for the year
beginning April 1, 1983, and ending March 31, 1984.

ALAN POPE
Minister

Algonquin
Forestry
Authority

Honourable Alan Pope
Minister of Natural Resources

Honourable Sir:
I have the honour to submit to you the Annual Report of the
Algonquin Forestry Authority for the year beginning April 1, 1983,
and ending March 31, 1984.

B.A. Reynolds
Chairman

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Chairman's Foreward

The highlight of Authority activity during the year was the newly assumed Forest Management Undertaking. This was a major step in the evolution of the Authority to a higher level of responsibility. This expression of confidence by the Minister was facilitated by the co-operative attitude of the Ministry staff which is gratefully acknowledged.

The blowdown of 5,000 hectares of prime timber had a profound impact on all Authority activities requiring rapid re-adjustments by staff, contractors, industry clients and the Ministry of Natural Resources. The successful initial results of the salvage operation reflect the vigour and dedication with which those people addressed the task. Completion of the salvage within the limited time frame prior to the onset of decay is assured. The impact of the salvage on financial position with net income of $297,000 is welcome after the loss of 1982 and the weak improvement of 1983. This level of performance has restored the balance sheet so that similar results expected in 1984 can be entirely re-invested in plant.

It was timely with the Authority approaching its tenth year of operation to have activities scrutinized by the Public Accounts Committee of the Legislature. The Authority welcomes such objective reviews in an ever changing environment.

The Authority looks forward to the new year's experience with the innovative first move towards self-funding of forest management through investment of stumpage revenue. This form of funding will further bind the integration of logging and silviculture to the future benefit of the forest resource.

B.A. Reynolds
Chairman

Board of Directors

Chairman:	B.A. Reynolds, Huntsville
Vice Chairman:	F.K. Roberts, Toronto
Directors:	W.G. Beatty, Gravenhurst J. Flavelle, Pembroke G. Maeck, South River R. Milne, Sundridge F. Parrott, Huntsville J. Simons, St. Catharines G.E. Wallace, North Bay K. Wilson, Boulter D.G. Wolfe, Eganville

Officers

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., R.I.A.

Office

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530

Introduction

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises eleven sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $42 millions in terms of 1984 value added (2).

GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, aesthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

STRATEGIES

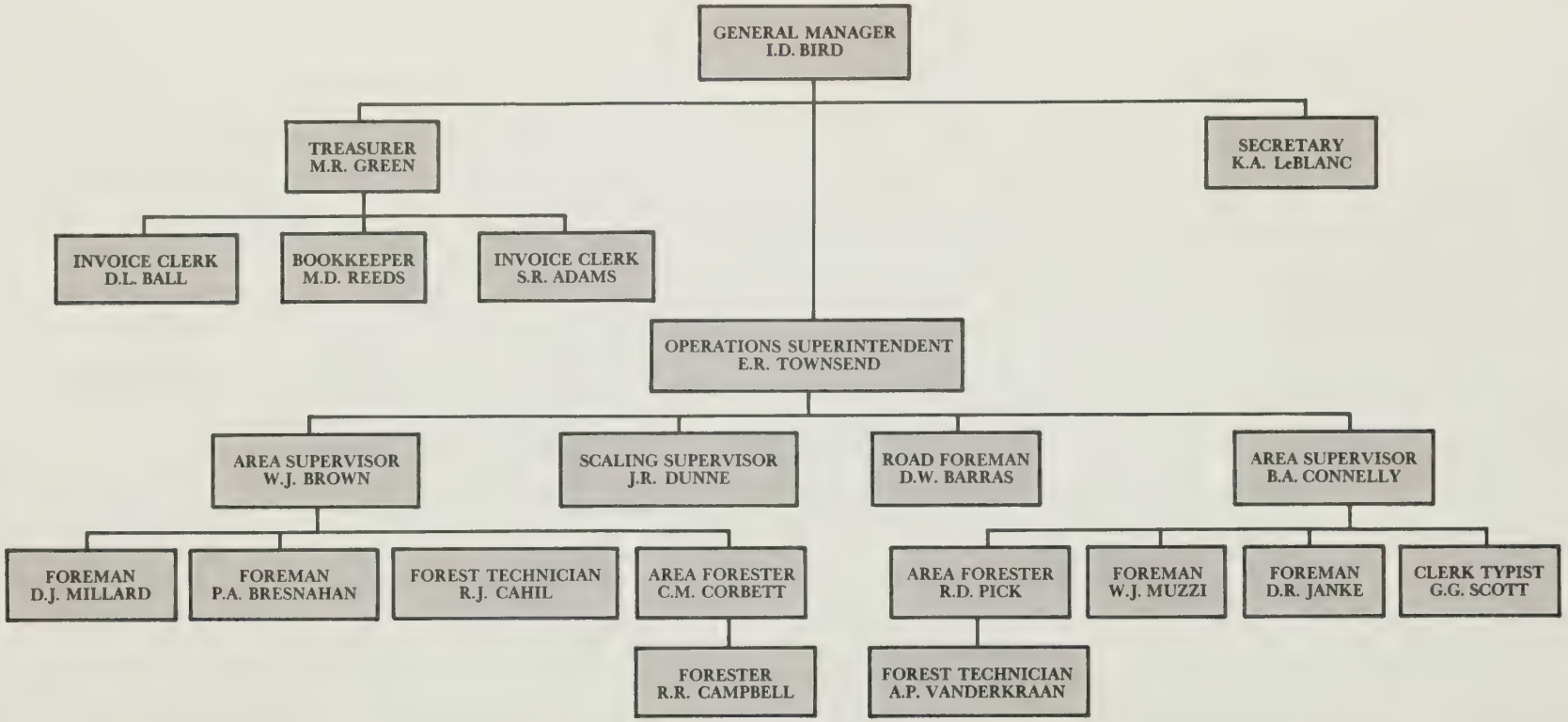
The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the seventeen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

The second two objectives are met by sound planning and controlled implementation within regulated standards Silvicultural prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed for natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

(1) Forest Management Plan, Algonquin Provincial Park
Algonquin Forestry Authority, 1980

(2) The Forest Industry in the Economy of Ontario
Ministry of Natural Resources, 1981

ALGONQUIN FORESTRY AUTHORITY
ORGANIZATION CHART



Product Distribution
(Cubic Metres)

PRODUCT	ANNUAL AVAILABLE HARVEST	ANNUAL ALLOCATION	SURPLUS AVAILABLE	REGULAR HARVEST 1983-84	SALVAGE 1983-84	TOTAL HARVEST 1983-84	HARVEST 1982-83
Hardwood Veneer Logs	12,740	12,740		8,480	80	8,560	12,160
Hardwood Sawlogs	144,330	136,770	7,560	97,900	460	98,360	75,480
Hemlock Sawlogs	59,430	41,840	17,590	29,320		29,320	30,860
Pine & Spruce Sawlogs	90,600	90,610		84,810	49,680	134,490	113,380
Poplar Splint Logs	4,620	4,620		2,780	40	2,820	4,450
Red Pine Poles	7,500	7,500		7,150	3,430	10,580	6,260
Pulpwood (Includes Firewood)	268,850	127,430	141,420	98,360	26,720	125,080	122,860
TOTAL	588,070	421,510	166,570	328,800	80,410	409,210	365,450

RESULTS OF OPERATIONS

Total sales of $8,803,808 is an increase of 30% over 1982-83 of which $2,137,000 results from extensive salvage operations in pine stands.

This abnormal situation generated a net income of $297,051 which compares with $3,430 of net income in the more normal year of 1982-83.

Expenditures exceeded revenues of $997,287 in the forest management undertaking resulting in a loss of $16,188.

FINANCIAL POSITION

Working capital increased by $266,105 in 1983-84 with the high income level experienced. Accounts Receivable of $1,053,262 and inventory of $62,250 are both higher than normal levels at year end and reflect the extensive salvage operations in process at March 31.

LOGGING OPERATIONS

Harvest was up from last year by 43,760 m3 or 11.9% to 409,210 m3. The principal factor responsible for the increase was blowdown salvage mainly of pine and spruce sawlogs. Cutting capacity was expanded in an effort to ensure completion of salvage prior to damage from insects and fungi expected in late summer 1984. The increase in cutting capacity was offset by a severe winter with extreme snow-fall starting in early November which forced curtailment of operations in early winter.

BLOWDOWN SALVAGE

A severe windstorm on August 8, 1983 blew down standing timber to various degrees on an area of 5,000 hectares south of the Petawawa River from Lake Traverse south-easterly 35 kilometres to the Park boundary.

Construction of a 40 man logging camp strategically located adjacent to the blowdown area was undertaken immediately and salvage operations commenced September 12, 1983. The early snowfall curtailed operations due to difficulty in locating and extracting down trees. Salvage continued on a reduced scale through the winter to complete the area accessible only by winter road. Hauling continued through the period of load restriction thanks to the Military allowing passage by an alternate route through C.F. Base, Petawawa.

At the year-end 2,000 ha. of the most severe blowdown had been covered, yielding 80,410 m3 of salvaged timber. Contractors are being engaged to complete the salvage by the end of July 1984.

SALES

Softwood lumber markets remained strong throughout the year stimulating softwood sawlog demand sufficiently to absorb the entire salvage volume. Modest strengthening of hardwood lumber markets late in the year was responsible for the hardwood sawlog production exceeding last year's level by 22,880 m3 or 30%. Decline in sales of hardwood veneer logs to 8,560 m3 or 30% under last year's level is a reflection of forest stand conditions rather than a market situation. The increase in pole sales by 69% to 10, 580 m3 is a result of blowdown salvage.

OPERATIONS PLANNING AND CONTROL

Operational cruising covered 19,000 ha adding data to the bank being accumulated for preparation of a five year operating plan to take effect in 1985.

Survey of 1982-83 cut-over mapped 12,000 ha. Yield was 30.6 m3/ha compared with 30.4 m3/ha the previous year.

FOREST MANAGEMENT

The Minister of Natural Resources announced in July 1982 the "Transfer of responsibility for forest management in Algonquin Provincial Park to the Algonquin Forestry Authority beginning April 1, 1983." The transfer was effected on schedule under an interim agreement pending negotiation of a Forest Management Agreement under the Crown Timber Act. The transfer has effectively integrated the harvesting and product distribution activities of the Authority with tree marking, scaling, silvicultural projects and maintenance of multi-use roads. The Ministry of Natural Resources retains its directional, advisory and regulatory roles.

Tree marking for partial cutting covered 15,000 ha of which 700 ha were contracted out.

Domestic scaling arrangements provided for Crown scaling of 390,000 m3 of which 67% was measured by volume and 33% was weighed.

Partial cutting prescriptions being applied are generally successful in providing adequate stocking of natural regeneration. Isolated exceptions have however been observed on pine and pine-mixed wood sites. A survey of regeneration on these cut-over sites was undertaken to determine the extent of artificial treatment required. The survey covered 500 ha before an early November snowfall forced suspension for the season.

Surface maintenance of multi-use roads covered 200 km of which 80 km also received mechanical brush control. Calcium chloride dust abatement treatment was done on 80 km. Fifteen thousand cubic metres of crushed gravel were prepared and stock-piled for re-surfacing needs. Spring flooding required extensive emergency repairs to relieve a number of marooned campers and anglers. Early and continuing snowfall extended the snow-plowing and sanding season. These factors were responsible for the deficit in the Forest Management Undertaking.

CONSTRUCTION AND REPAIR

Capital construction amounted to 6 km of clearing and forming and 10 km of gravel surfacing mainly on the Shirley Lake Road which now extends to 52 km.

A short by-pass of ½ km was built to divert logging trucks away from a tourist lodge on Kingscote Lake.

Improvements were made on 18 km of existing roads.

REHABILITATION

Temporary winter road crossings over portages Dickson Lake to Bonfield Lake and Rain Lake to McCraney Lake were rehabilitated to natural conditions.

Rehabilitation was completed at the site of a former logging camp on Radiant Lake.

Restoration of the Basin Depot Schoolhouse was started. This is the oldest standing building in Algonquin Park having been built in 1892. It is located on a designated historic site. The project is a co-operative venture of the Authority and the forest industry companies it supplies.

PERSONNEL

Four new regular employees joined the Authority to direct the newly assigned forest management activities:

David Barras - Road Foreman
Roy Campbell - Forester
James Dunne - Scaling Supervisor
Peter Vanderkraan - Forest Technician

Engagement of approximately 40 seasonal technical employees on tree marking, cruising and scaling expanded related training efforts.

Two foresters received continuing education in forestry computer application.

PUBLIC RELATIONS

A full colour information brochure is available at various Park locations and is distributed from Authority offices in Huntsville and Pembroke.

Speaking engagements and lectures by staff as well as conducted field tours informed a variety of groups on integrated resource management in Algonquin

ADMINISTRATION

The Huntsville office was moved to larger leased quarters at 222 Main Street West. Computer equipment was installed in the Huntsville and Pembroke offices. A number of commercial applications are operational on packaged software and development of custom software is at the testing stage.

FORECAST 1984 - 85

Duration of the improved state of softwood and hardwood lumber markets will depend on interest rate levels. The current trend towards higher rates will curtail lumber demand. Pulp and paper demand is strengthening, however an over-supply of local raw material and closure of a local chip producer will prevent any significant improvement in pulpwood production.

Two client mills are installing small and short log sawing equipment. Successful operation of this equipment will strengthen demand for low quality sawlogs.

Logging production of 444,000 m3 is planned, up 35,000 m3 or 9% over last year. Most of the forecast increase is in hardwood sawlogs. Blowdown salvage will be completed and will account for 90,000 m3 of the total.

Loss of natural seed source on the most severely affected blowdown area will require artificial regeneration. Surveys planned for spring and fall 1984 will identify requirements. An initial planting of 340,000 white pine container seedlings will be done in the summer of 1984.

Tree marking will decline to 12,000 ha by virtue of the high level of blowdown salvage.

Sales are forecast at $9.5 million. The extraordinary earnings resulting from blowdown salvage will be entirely re-invested in road construction and improvement where planned expenditures are $285,000. The net result will bring financial results close to a break-even position.

There will be a significant move towards self-funding of forest management with 84% of the $1.11 million expense being recovered from retained stumpage leaving 16% to be funded by the Ministry of Natural Resources.

Algonquin Forestry Authority

(Incorporated without share capital under the Algonquin Forestry Authority Act)

BALANCE SHEET AS AT MARCH 31, 1984

ASSETS	1984 $	1983 $
Current Assets		
Cash	—	10,553
Accounts receivable	1,053,262	706,402
Inventory	62,250	40,804
Prepaid	1,313	914
	1,116,825	758,673
Fixed (note 3)	305,902	248,325
Deferred charge	120,650	128,191
	1,543,377	1,135,189
LIABILITIES AND SURPLUS		
Current Liabilities		
Bank overdraft	50,388	—
Accounts payable and accrued liabilities	553,278	334,781
Contractors' performance holdbacks	87,883	52,742
Term loans, Province of Ontario	54,606	266,585
	746,155	654,108
Deferred credit (note 5)	35,278	—
Surplus	761,944	481,081
	1,543,377	1,135,189

See accompanying notes to financial statements.

On behalf of the Board:

B. A. Reynolds
Director

Frank Lanott
Director

Algonquin Forestry Authority

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1984

	1984 $	1983 $
Revenue		
Product sales (note 4)	8,140,299	6,031,694
Standing timber sales	636,508	644,189
Tree marking revenue (note 2)	—	69,018
Other	27,001	17,514
	8,803,808	6,762,415
Expenditure		
Operating - direct		
Logging and distribution costs	6,529,342	4,919,304
Crown timber stumpage charges	952,745	823,232
Tree marking (note 2)	—	52,550
Scaling (note 2)	—	37,351
Operations planning	47,528	20,318
Road maintenance	26,108	17,095
Area charges	9,165	8,143
	7,564,888	5,877,993
Operating income	1,238,920	884,422
Administrative - indirect operating and other		
Salaries and benefits	595,486	569,822
Depreciation and amortization	78,050	67,380
Vehicle operating	53,582	40,980
Office supplies and expenses	50,770	32,216
Interest	37,130	71,586
Consulting	30,723	8,013
Office rent	25,079	28,551
Directors' allowances and expenses	23,748	28,779
Staff travel	9,882	6,610
Public relations	7,255	4,218
Insurance	7,214	5,133
Technical supplies	7,176	8,099
Bad debt expense	6,477	323
Staff training	4,515	4,047
Staff recruitment and relocation	2,401	3,455
Legal	2,381	1,780
	941,869	880,992
Net income for the year (note 4)	297,051	3,430
Loss for the year - Forest Management Undertaking (Schedule)	(16,188)	—

See accompanying notes to financial statements.

Algonquin Forestry Authority

STATEMENT OF SURPLUS FOR THE YEAR ENDED MARCH 31, 1984

	1984 $	1983 $
Algonquin Forestry Authority		
Surplus, beginning of year	481,081	477,651
Net income for the year	297,051	3,430
Balance, end of year	778,132	481,081
Forest Management Undertaking (note 2)		
Unappropriated Surplus, beginning of year	—	
Net loss for the year	(16,188)	
Appropriated for replacement of fixed assets	(17,662)	
Unappropriated surplus (deficit), end of year	(33,850)	—
Appropriated surplus, beginning of year	—	
Appropriated for replacement of fixed assets	17,662	
Appropriated surplus, end of year	17,662	
Balance, end of year	(16,188)	—
Surplus, end of year	761,944	481,081

See accompanying notes to financial statements.

Algonquin Forestry Authority

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1984

	1984 $	1983 $
Source of working capital		
Net income (loss) for the year:		
Algonquin Forestry Authority	297,051	3,430
Forest Management Undertaking	(16,188)	—
Add item not requiring outlay of working capital - depreciation and amortization	78,050	67,380
	358,913	70,810
Forest management grant - capital	242,689	—
Proceeds from disposal of fixed assets	3,994	7,560
	605,596	78,370
Use of working capital		
Purchase of fixed assets	339,491	64,908
Increase in working capital	266,105	13,462
Working capital, beginning of year	104,565	91,103
Working capital, end of year	370,670	104,565

See accompanying notes to financial statements.

Algonquin Forestry Authority

FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1984 (NOTE 2)

	1984 $
Revenue	
Operating grant	963,960
Start up grant	33,327
	997,287
Expenditures	
Direct expenditure	
Wages and benefits	404,778
Heavy equipment rental	191,383
Paint	71,438
Salt and calcium	52,023
Sub contractors - tree marking	37,155
Board and provisions	16,847
Scaling charges	1,808
	775,432
Indirect expenditure	
Salaries and benefits	102,368
Vehicle costs	40,984
Equipment rental	23,520
Technical supplies	18,864
Staff training	2,629
	188,365
	963,797
Operating Income	33,490
Administrative	
Staff recruitment and relocation	13,003
Consulting fees	12,500
Wages and benefits	8,223
Insurance	4,247
Staff travel and training	4,166
Office expense	4,139
Office rent	3,400
	49,678
Loss	(16,188)

See accompanying notes to financial statements.

Algonquin Forestry Authority

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1984

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Inventory
Inventory is stated at the lower of cost and net realizable value.

(b) Depreciation and amortization of fixed assets
Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33⅓ per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

(c) Deferred charge
Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 2000 were deferred and are being amortized on a straight line basis over 20 years.

2. FOREST MANAGEMENT UNDERTAKING

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Expenditures related to the start up of the Forest Management Undertaking and ongoing capital and operating costs were primarily funded by grants from the Ministry of Natural Resources.

3. FIXED ASSETS

Fixed assets in service are stated at cost and consist of:

	1984		1983	
	Cost	Accumulated Depreciation and Amortization	Cost	Accumulated Depreciation and Amortization
	$	$	$	$
Furniture and fixtures	40,833	19,276	33,405	15,781
Data processing	34,562	3,186	—	—
Technical equipment	12,331	5,267	11,403	4,070
Automotive equipment	95,248	72,099	91,237	60,541
Buildings and structures	13,961	8,673	13,461	7,294
Capital roads	463,934	246,466	392,874	206,369
Forest Management	207,411	—	—	—
Undertaking (note 7)	868,280	354,967	542,380	294,055
Forest Management Undertaking grant	(207,411)		—	
	660,869		542,380	
	(354,967)		(294,055)	
	305,902		248,325	

4. UNUSUAL EVENT

In August 1983, a strong wind blew down timber in an area of Algonquin Park. The Authority has been attempting to salvage this timber as quickly as possible to minimize decay and quality decline caused by insects and fungi. During the year, product sales of blowdown wood were $2,137,000. Salvage operations will be continuing into fiscal 1984-85 and it is anticipated that sales of blowndown wood for the year ended March 31, 1985 will be approximately $2,500,000.

5. DEFERRED CREDIT

The Ministry of Natural Resources has contributed $242,689 for capital expenditures relating to the Forest Management Understanding of which $35,278 had not been spent as at March 31, 1984 and is therefore recorded as a deferred credit.

6. COMMITMENTS

The Authority rents premises under two leases which expire on November 30, 1985 and February 28, 1989. The current annual rent, excluding escalation costs, under these leases is $5,000 and $27,600 respectively.

7. CONTINGENT LIABILITY

The Memorandum of Understanding signed between the Minister of Natural Resources and the Authority specifies that all equipment purchased for the exclusive purposes of the Forest Management Undertaking funded by the Ministry will revert to the Ministry in the event the Undertaking is terminated. The cost of such equipment was $169,900 as of March 31, 1984.

8. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform with 1984 presentation.

Ontario

Office of the Provincial Auditor

Parliaments Buildings, Queen's Park, Toronto Ontario M7A 1A2 416/965-1381

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1984 and the statements of revenue and expenditure, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1984 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
June 10, 1984



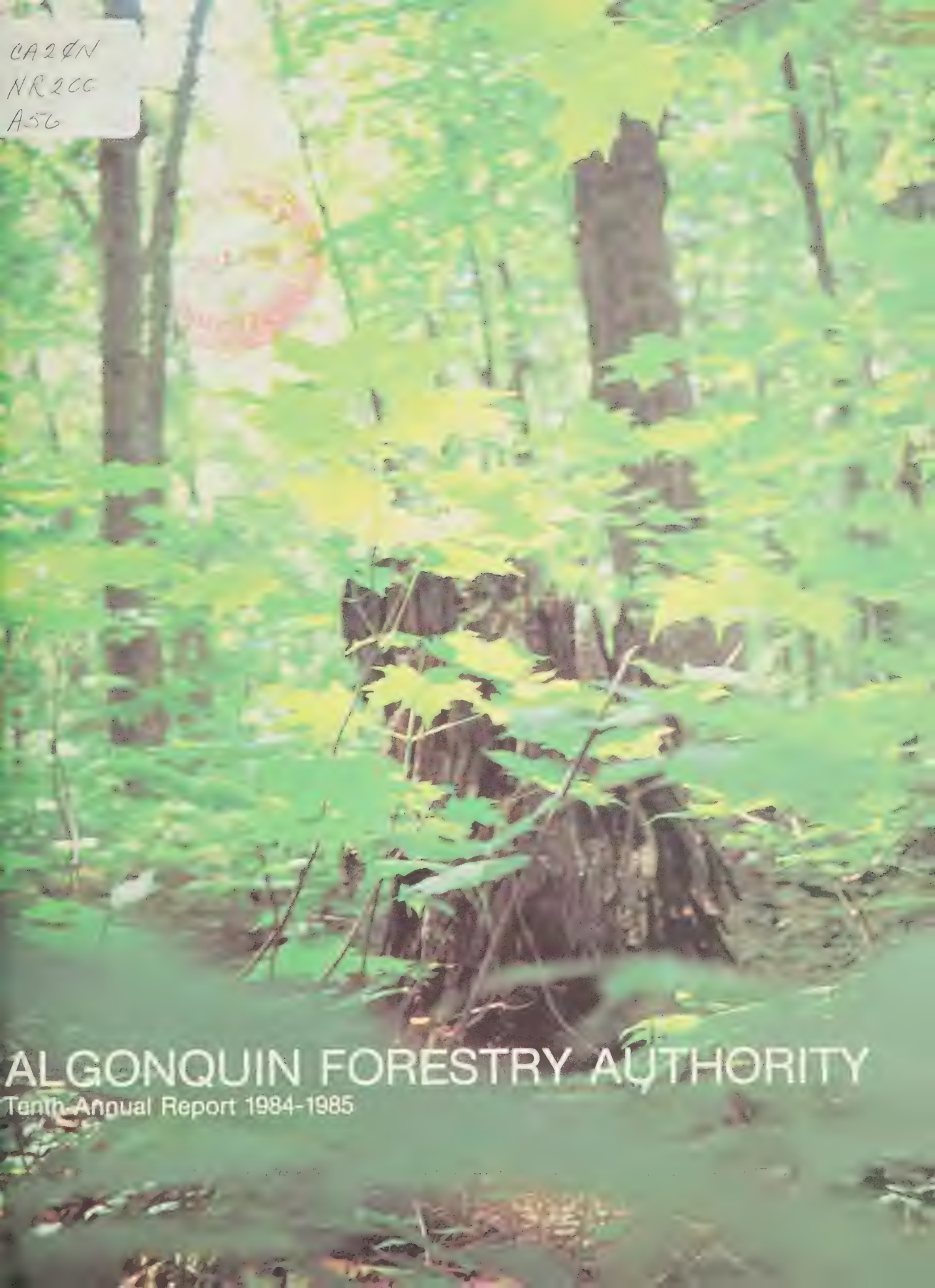

North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L
Petawawa River
Lake Traverse
Powassan
Manitou L
Catfish L
Achray
Grand Lake
Petawawa
Pembroke
Trout Creek
North Tea L
Portal L
Lake Lavieille
White Partridge L
Dickson L
South River
Sundridge
Trout L
Opeongo Lake
Booth L
Opeongo River
Bonnechere River
Round L
Golden L
Burk's Falls
Magnetawan River
Burnt Island
Joe L
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
East River
Hay L
Madawaska River
Dwight
Kawagama L
Huntsville
Lake of Bays
Dorset
Haliburton L
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden



Algonquin Forestry Authority

P.O. Box 1198, Huntsville, Ont. P0A 1K0

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ALGONQUIN FORESTRY AUTHORITY

Tenth Annual Report 1984-1985

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Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1984 and ending March 31, 1985.

VINCENT G. KERRIO
Minister

Algonquin
Forestry
Authority

Honourable Vincent G. Kerrio
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1984 and ending March 31, 1985.

B.A. Reynolds
Chairman

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Photographs on p. 3, 5, 9 courtesy of
Ministry of Natural Resources, Algonquin Park Museum

CHAIRMAN'S FOREWORD

The Authority's activities were again dominated by efforts to salvage the timber blown down by violent windstorms that occurred in August of 1983 and April of 1984. Extraordinary efforts were required of staff, contractors, and clients to complete the salvage before the timber values were destroyed by insects and fungus. The job was completed and replanting of the area began in 1984 and continues. This effort contributed in a major way to the highest volume produced in ten years of 500,366 m^3.

The high level of production had a favourable impact on the financial results for both the harvesting and forest management efforts. Some funds are being reinvested in planting, stand improvement, repairs, and upgrading of roads, bridges, and equipment. The balance is being retained for similar work over the next five years and to cushion the effects of the reduced volumes available after the blowdown.

The second year of responsibility for forest management went well with all targets met or exceeded. The cooperation and assistance of the M.N.R. contributed greatly to this success.

The General Manager announced his resignation shortly after the year-end to accept a senior position in the forest industry. Mr. I.D. Bird, R.P.F. has been the General Manager of the Authority since its inception in 1974 and has guided it through its birth and evolution over ten years. The Board of Directors and staff express their profound appreciation for a job well done.

It seems appropriate on the tenth anniversary of The Algonquin Forestry Authority to present some historical perspective on the first decade.

In the ten years from 1975 to 1985 a volume of over four million cubic metres of forest products have been produced from Algonquin Park, and the sales by the Authority have exceeded 65 million dollars to the client mills.

All but one of the manufacturing plants that were producing in 1975 are still producing in 1985. In some cases ownership has changed and in many cases new and more efficient equipment has been installed. In 1975 there were three plants operating within the Park boundaries and these are now relocated outside of the Park.

Prior to 1975 logging was done by contractors employing people from the communities surrounding the Park. This is still the case today with a new generation of young people working at jobs once held by their fathers and grandfathers.

In 1981 a forest management plan for the multiple use zone of the Park was approved by the late Hon. James Auld. For the first time the Park forests were the subject of one plan which integrated forest harvesting and management with the recreational and other uses of the Park under the umbrella of the Park Master Plan.

In 1983 the Authority assumed responsibility for the forest management effort in the Park. The Authority now plans and performs tree planting and stand improvement of the forests along with the harvesting. The retention of crown stumpage to finance forest management programs is an arrangement unique in Ontario. It provides a continuity of funding so vital to the long term management of the forest.



B.A. Reynolds
Chairman

BOARD OF DIRECTORS

Chairman:
B.A. Reynolds, Huntsville

Vice Chairman:
F.K. Roberts, Toronto

Directors:
W.G. Beatty, Gravenhurst
J. Flavelle, Pembroke
G. Maeck, South River
R. Milne, Sundridge
F. Parrott, Huntsville
J. Simons, St. Catharines
G.E. Wallace, North Bay
K. Wilson, Boulter
D.G. Wolfe, Eganville

OFFICERS

General Manager, I.D. Bird, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., R.I.A.

OFFICE

Algonquin Forestry Authority
P.O. Box 1198,
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530



INTRODUCTION





Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises ten sawmills, four veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $51 millions in terms of 1985 value added (2).

GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, aesthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

STRATEGIES

The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the seventeen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

The second two objectives are met by sound planning and controlled implementation within regulated standards. Silviculture prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed for natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

1) Forest Management Plan Algonquin Provincial Park, Algonuin Forestry Authority 1980

2) The Forest Industry in the Economy of Ontario, Ministry of Natural Resources, 1981



ALGONQUIN FORESTRY AUTHORITY
ORGANIZATION CHART



W. J. Brunet, Area Supervisor



1984-85 Board of directors

RESULTS OF OPERATIONS:

Sales increased 34% over 1983-84 to $11,797,944. The largest portion of this increase resulted from continued pine stand salvage operations. The salvage timber sales for 1984-85 were $4,408,580 completing the two year recovery project.

Net income of $525,704 for 1984-85 is a 77% improvement over the 1983-84 net income of $297,051.

Forest management undertaking revenue relates directly to logging activity and as a result increased 37% to $1,365,451. Net income increased to $337,819 in 1984-85 from a loss of $16,188 in 1983-84.





FINANCIAL POSITION:

The high level of activity, with profitable salvage operations running to the end of the year, resulted in substantial changes to the 1984-85 financial position.

Accounts receivable increased $196,301 to $1,249,563 and inventory increased $496,519 to $558,769.

The strongest indicator of the overall improvement in 1984-85 was working capital increasing by $720,981.

LOGGING OPERATIONS:

Harvest of 500,366 m^3 was the highest volume in the ten year history of the Authority. Blowdown salvage was again a major element representing 144,603 m^3 or 29%.

Three of the five logging contractors were placed on salvage operations at the start of the season and remained there until the completion in August prior to the onset of fungus and insect damage. The entire 5,000 ha of blowdown were covered by the operation which yielded 225,013 m^3 over two years. All contractors moved to standing timber on completion of the salvage operations.

Weather conditions were generally favourable throughout the year although late freeze-up delayed the start of winter hauling. Extreme snowfall came late in the winter after completion of most operations. Favourable weather contributed to the record production achieved.

A.F.A. contractors producing logs for sale to mills generated 352,729 m^3 or 70% of the total harvest. The remaining 147,637 m^3 or 30% was produced by mill operators cutting products for their own use.



Ministry of Natural Resources, Dave Wray

Part of the 5000 ha blowdown



PRODUCT DISTRIBUTION (CUBIC METRES)

PRODUCT	Annual Available Harvest	Area Allocation	Surplus Available	Timber Harvest 1984-85	Volume 1984-85	Total Harvest 1984-85	Harvest (Basis)
Hardwood Veneer Logs	12.740	12.740		11.153	138	11.290	8.560
Hardwood Sawlogs	144.330	136.770	7.560	128.145	2.638	132.083	98.360
Hemlock Sawlogs	58.430	41.040	17.390	[illegible]	[illegible]	35.701	29.320
Pine & Spruce Sawlogs	90.600	90.510	[illegible]	84.342	95.785	180.127	134.490
Poplar Spruce Logs	4.620	4.620	[illegible]	4.360	840	5.200	2.820
Red Pine Poles	7.500	7.500	[illegible]	3.056	4.739	12.795	10.560
Pulpwood (Inclusive Firewood)	268.850	127.430	141.420	104.003	39.155	143.158	125.080
TOTAL	588.070	421.510	166.570	335.763	144.603	500.366	409.210

SALES:

Demand and price for softwood lumber declined throughout the year making the surge of softwood sawlogs generated by blowdown salvage difficult to place. Demand for hardwood lumber was sufficiently strong to push hardwood sawlog sales to 132,083 m^3, the highest level since the 150,000 m^3 produced in 1975-76. Increased sales of hardwood veneer logs, up 32% and splint logs, up 85% reflect forest stand conditions and recovery practices rather than market conditions for these specialty products. Sales of "pulpwood" up 18,088 m^3 to 143,168 m^3 reflect a new demand for pulpwood grade small sawlogs for newly installed low quality milling capacity at two of the client mills. Sales of fuelwood, included in the pulpwood category, were up 344% to 25,513 m^3 as this market recovered from last year's glut. Conventional pulpwood is becoming more and more difficult to market as by-product sawmill chip tonnage increases.







OPERATIONS PLANNING AND CONTROL

Operations cruising was carried out on 24,185 ha to complete the data bank required for preparation of the 1985-1990 operating plan.

Cutover survey for 1983-84 mapped 11,000 hectares plus 2,055 hectares of blowdown salvage. Yield was 31.4 m^3/ha compared to 30.6 m^3/ha the previous year. Increase in yield per hectare was due to the pine blowdown volumes that were generated.

CONSTRUCTION AND REPAIR

The Shirley Lake Road was extended 3.0 km to a length of 55 km. Form and drainage were established on a further 4.2 km for gravel surfacing. An hydraulic boom excavator was tried successfully on this project. Results were encouraging and confirmed that this type of equipment when teamed with a standard bulldozer does a better job in a shorter time than conventional methods and produces a more manicured appearance.

Improvements were made to the main access road near Daventry in the north to help the utilization of low quality hardwoods.

Existing roads in Guthrie, Peck, and Bruton townships were improved to facilitate activities over the next five years. A new section of road was constructed in Clyde township to provide access for tree marking, harvesting and stand improvement.

A timber bridge over the Bonnechere River was replaced by a steel stringer structure of 8.0 m span.

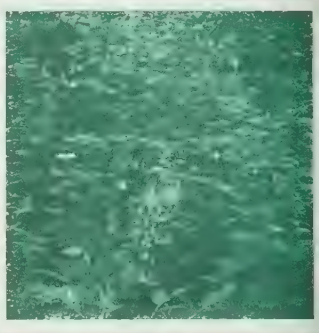
A new steel stringer bridge having two spans of 9.0 m each was constructed over the Oxtongue River to provide access for planned logging operations in Peck Township.





REHABILITATION





Temporary canoe route crossings were restored with replanting and landscaping at the following locations:

Rence Lake to West Galipo Lake, Gull Lake to Cedar Lake, Little Cauchon Lake to Carl Wilson Lake, Bug Lake to Little Cedar Lake, Skuce Lake to Skuce Creek, Sinclair Lake to Kawa Lake, Hornbeam Lake to Biggar Lake, Dove Lake to Shrew Lake, Penn Lake to Night Lake and Maggie Lake to Minnow Lake.

Winter crossings of the Western Uplands Hiking Trail were rehabilitated in two locations and a crossing of the Park Boundary near Flossie Lake was restored.

Two gravel pits on the Shirley Lake road were contoured and planted and a third on the Spoor Lake road was contoured.

Restoration of the Basin Depot Schoolhouse, a cooperative project of the Authority with its client companies was completed in 1984. This is the oldest standing building in Algonquin Park. Built in 1892 it served as a schoolhouse, hospital, ranger camp and cottage prior to its abandonment around 1956. The restored building, located on a designated historic site, was dedicated at an appropriate ceremony June 15, 1984, attended by over 100 people. The attendees included a former student of the school and a number of other pioneers who were familiar with the site through the years.

FOREST MANAGEMENT

The second year of full participation in the Forest Management Undertaking saw improved performance after the learning experience of the previous year. The benefits of integration of harvesting and production activities with tree marking, scaling, silvicultural projects and maintenance of multi-use roads are reflected in efficiency and staff development.

Tree marking requirement was down by virtue of the high level of blowdown salvage. Area marked for partial cutting was 14,223 ha compared with 15,000 ha last year. 1,200 ha of the 14,223 were contracted out. 322,000 Pine seedings were planted in the blowdown area.

Scaling of forest products amounted to 390,102 m^3 of which 126,315 m^3 or 32% was weighed. The balance was scaled by O.M.N.R. and under domestic scaling agreements.

A survey of cut-over and blowdown areas was carried out on 7,213 ha to determine post cut stocking of natural regeneration. An area of 3,042 ha was identified as requiring treatment to meet the satisfactory stocking standard. The survey will be completed this year and a programme of corrective action will be devised. The survey concentrates on pine and mixed wood sites which occasionally fail to respond to the partial cutting prescriptions applied.

Maintenance of multi-use roads included grading, snow removal and sanding on 80.5 km. Summer maintenance only was done on 197 km. Calcium chloride was applied to 80.5 km for dust abatement. Spring flooding again forced replacement of a number of minor drainage structures. A downstream buildup of ice threatened flooding of the Lake Traverse Bridge over the Petawawa River. Explosive demolition of the ice jam by military personnel from Base Petawawa saved the bridge from major damage.



Basin Depot School House



PERSONNEL

Resignations:
W. J. Muzzi — Foreman
Mrs. K. LeBlanc — Secretary

During the year various staff members attended seminars on communications, team building and staff development.

Technical training was provided in wood measurement and tree marking.

A number of other staff changes occurred shortly after the year-end.

Resignation:
I. D. Bird, General Manager

Appointments:
W. J. Brown, General Manager
C. M. Corbett, Area Supervisor
D. F. Johnson, Area Forester





PUBLIC RELATIONS:

A full colour information brochure is available at various Park locations and is distributed from Authority offices in Huntsville and Pembroke.

Speaking engagements and lectures by staff as well as conducted field tours informed a variety of groups on integrated resource management in Algonquin. Staff participated in the 1984 "Forestry Capital of Canada" celebration of the Ottawa Valley during the year.

FORECAST 1985-86

Logging production of 420,000 m^3 is planned, down 80,000 m^3 or 16% from the 1984-85 total which was distorted by the large salvage volumes. The pine-spruce sawlog component will be down to 50% of last years level. This reduced production will put pressure on costs and margins for contractors and the Authority.

Pulp markets continue to be uncertain with downtime scheduled during the season by client mills. Competition from overseas producers continues to affect North American markets. Utilization of the pulp component will be affected.

Interest rate levels have remained down and most forecasts predict the trend to continue. The hardwood and softwood lumber markets should continue at present levels as long as these conditions prevail. Recent downturns in the automobile industry may adversely affect the markets for lower grades of hardwood lumber.

Planting of 340,000 white and red pine seedlings in the blowdown area is scheduled for 1985. The tree marking program is planned to cover 12,600 ha. Surveys of unsatisfactorily stocked areas will cover 5,400 ha.

To fund the forest management program, 85% of the $1.1 million expense will come from retained stumpage and 15% will be funded by the Ministry of Natural Resources.



Red Pine Seed Tree System

ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

BALANCE SHEET AS AT MARCH 31, 1985

Assets

	1985 ($)	1984 ($)
Current Assets		
Accounts receivable	**1,249,563**	1,053,262
Inventory	**558,769**	62,250
Prepaid expenses	**485**	1,313
	1,808,817	1,116,825
Fixed (note 3)	**431,516**	305,902
Deferred charge	**113,109**	120,650
	2,353,442	1,543,377

Liabilities and Surplus

Current Liabilities		
Bank overdraft	**9,109**	50,388
Accounts payable and accrued liabilities	**365,801**	553,278
Contractors' performance holdbacks	**88,839**	87,883
Term loans, Province of Ontario	**253,417**	54,606
	717,166	746,155
Deferred credit (note 5)	**10,809**	35,278
Surplus	**1,625,467**	761,944
	2,353,442	1,543,377

See accompanying notes to financial statements.

On behalf of the Board:

B. A. Reynolds — Director

Frank Parrott — Director

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1985

	1985 ($)	1984 ($)
Revenue		
Product sales (note 4)	**11,091,819**	8,140,299
Standing timber sales	**675,613**	636,508
Other	**30,512**	27,001
	11,797,944	8,803,808
Expenditure		
Operating — direct		
Logging and distribution costs	**8,855,706**	6,590,100
Crown timber stumpage charges	**1,292,576**	952,745
Operations planning	**61,253**	47,528
Road maintenance	**43,026**	26,108
Area charges	**12,888**	9,165
	10,265,449	7,625,646
Operating income	**1,532,495**	1,178,162
Administrative — indirect operating and other		
Salaries and benefits	**660,466**	595,486
Depreciation and amortization	**100,958**	81,330
Interest	**63,331**	37,130
Office supplies and expenses	**60,828**	50,770
Consulting	**35,848**	30,723
Directors' allowances and expenses	**30,703**	23,748
Office rent	**28,091**	25,079
Staff travel	**8,532**	9,882
Staff training	**8,018**	4,515
Insurance	**7,644**	7,214
Public relations	**3,286**	7,255
Bad debt expense	**905**	6,477
Legal	**492**	2,381
Staff recruitment and relocation	**—**	2,401
Gain on disposal of fixed assets	**(2,311)**	(3,280)
	1,006,791	881,111
Net income for the year (note 4)	**525,704**	297,051
Net income (loss) for the year — Forest Management Undertaking (Schedule)	**337,819**	(16,188)

See accompanying notes to financial statements.

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1985

	1985 ($)	1984 ($)
Algonquin Forestry Authority		
Surplus, beginning of year	**778,132**	481,081
Net income for the year	**525,704**	297,051
Balance, end of year	**1,303,836**	778,132
Forest Management Undertaking (note 2)		
Unappropriated deficit, beginning of year	**(33,850)**	—
Net income (loss) for the year	**337,819**	(16,188)
Appropriated for replacement of fixed assets	**(36,781)**	(17,662)
Unappropriated surplus (deficit), end of year	**267,188**	(33,850)
Appropriated surplus, beginning of year	**17,662**	—
Appropriated for replacement of fixed assets	**36,781**	17,662
Appropriated surplus, end of year	**54,443**	17,662
Balance, end of year	**321,631**	(16,188)
Surplus, end of year	**1,625,467**	761,944

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1985

	1985 ($)	1984 ($)
Source of working capital		
Net income (loss) for the year:		
Algonquin Forestry Authority	**525,704**	297,051
Forest Management Undertaking	**337,819**	(16,188)
Add items not affecting working capital:		
Depreciation and amortization	**103,353**	81,330
Gain on disposal of fixed assets	**(6,813)**	(3,280)
	960,063	358,913
Forest management grant — capital	**—**	242,689
Proceeds from disposal of fixed assets	**8,791**	3,994
	968,854	605,596
Use of working capital		
Purchase of fixed assets	**247,873**	339,491
Increase in working capital	**720,981**	266,105
Working capital, beginning of year	**370,670**	104,565
Working capital, end of year	**1,091,651**	370,670

See accompanying notes to financial statements.

FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1985

SCHEDULE

	1985 ($)	1984 ($)
Revenue		
Forest management revenue (note 2)	**1,174,816**	—
Operating reimbursements	**179,000**	963,960
Start up grant	**—**	33,327
Other	**11,635**	—
	1,365,451	997,287
Expenditures		
Direct expenditure		
Wages and benefits	**404,278**	404,778
Heavy equipment rental	**168,355**	191,383
Paint	**59,535**	71,438
Salt and calcium	**52,470**	52,023
Vehicle costs	**48,503**	40,984
Planting stock	**47,600**	—
Sub contractors — tree marking	**29,060**	37,155
Materials	**22,772**	18,864
Vehicle rental	**19,313**	23,520
Board and provisions	**15,169**	16,847
Scaling charges	**—**	1,808
	867,055	858,800
Indirect expenditure		
Salaries and benefits	**116,738**	102,368
Staff training	**12,280**	6,795
Radio rentals	**4,279**	—
	133,297	109,163
	1,000,352	967,963
Operating income	**365,099**	29,324
Administrative		
Office rent	**9,460**	3,400
Office expense	**6,845**	4,139
Wages and benefits	**6,677**	8,223
Insurance	**4,837**	4,247
Depreciation (note 3)	**2,395**	—
Interest	**1,568**	—
Staff recruitment and relocation	**—**	13,003
Consulting fees	**—**	12,500
Gain on disposal of fixed assets	**(4,502)**	—
	27,280	45,512
Net income (loss) for the year	**337,819**	(16,188)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1985

1. Significant Accounting Policies

a) Inventory

Inventory is stated at the lower of cost and net realizable value.

b) Depreciation and amortization of fixed assets

Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

c) Deferred charge

Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 2000 were deferred and are being amortized on a straight line basis over 20 years.

2. Forest Management Undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Funding to conduct these activities is derived from operating reimbursements from the Ministry and, in the current fiscal year, from the retention of approximately 90 per cent of the stumpage fees normally remitted to the Ministry.

3. Fixed Assets

Fixed assets in service are stated at cost and consist of:

	1985 ($)		1984 ($)	
	Cost	**Accumulated Depreciation and Amortization**	Cost	Accumulated Depreciation and Amortization
Furniture and fixtures	**47,232**	**23,102**	40,833	19,276
Data processing	**41,097**	**11,370**	34,562	3,186
Technical equipment	**31,004**	**7,913**	12,331	5,267
Automotive equipment	**126,204**	**84,454**	95,248	72,099
Buildings and structures	**14,337**	**10,107**	13,961	8,673
Capital roads	**608,507**	**299,919**	463,934	246,466
Forest Management Undertaking (notes 5 and 7)	**231,880**	**—**	207,411	—
	1,100,261	**436,865**	868,280	354,967
Forest Management Undertaking Grants (note 5)	**(231,880)**		(207,411)	
	868,381		660,869	
	(436,865)		(354,967)	
	431,516		305,902	

Some of the Authority's fixed assets are used to carry out activities of the Forest Management Undertaking (FMU). As a result, the FMU has been charged depreciation of $2,395 on such assets.

4. Unusual Event

In August 1983, a strong wind blew down timber in an area of Algonquin Park. The Authority has been attempting to salvage this timber as quickly as possible to minimize decay and quality decline caused by insects and fungi. Product sales of blowndown wood during the year were $4,409,000 (1984 — $2,137,000) and salvage operations are now substantially completed.

5. Deferred Credit

The Ministry of Natural Resources has contributed $242,689 for capital expenditures relating to the Forest Management Undertaking of which $231,880 has been spent as at March 31, 1985. The remaining amount of $10,809 has been recorded as a deferred credit.

6. Commitments

The Authority rents premises under two leases which expire on November 30, 1985 and February 28, 1989. The current annual rent excluding escalation costs, under these leases, is $5,000 and $25,300 respectively.

7. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1985 presentation.

Ontario

Office of the
Provincial
Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416/965-1381

Toronto, Ontario
July 19, 1985

To the Members, Algonquin Forestry Authority, and
to the Minister of Natural Resources

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1985 and the statements of operations, surplus, and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1985 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

D.F. Archer

D.F. Archer, F.C.A.,
Provincial Auditor


North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L
Ottawa River
Lake Traverse
Powassan
Manitou
Catfish L
Achray
Petawawa
Pembroke
Trout Creek
North Tea L
Grand Lake
Portal L
White Partridge L
Lake Lavieille
Dickson L
South River
Sundridge
Trout L
Opeongo Lake
Booth L
Opeongo
Bonnechere R
Golden L
Burk's Falls
Burnt Island
Joe L
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
Hay L
Dwight
Huntsville
Dorset
Haliburton L
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden

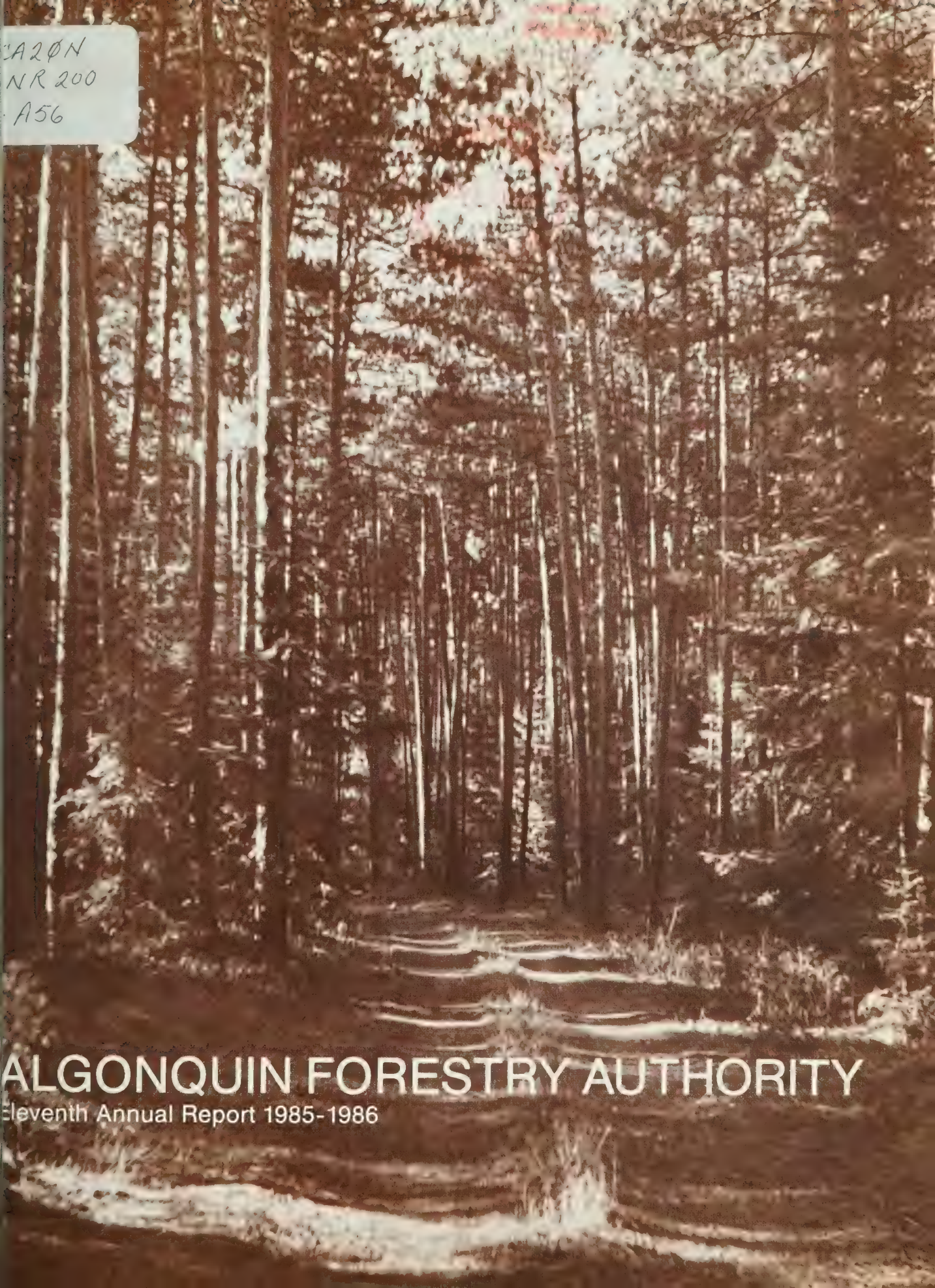




Algonquin Forestry Authority

P.O. Box 1198
Huntsville, Ontario
P0A 1K0

CA2ØN
NR 200
A56



ALGONQUIN FORESTRY AUTHORITY

Eleventh Annual Report 1985-1986

Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1985 and ending March 31, 1986.

VINCENT G. KERRIO
Minister

Algonquin
Forestry
Authority

Honourable Vincent G. Kerrio
Minister of Natural Resources

Honourable Sir:
I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1985 and ending March 31, 1986.

P.I. Roche
Chairman

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CHAIRMAN'S FOREWORD

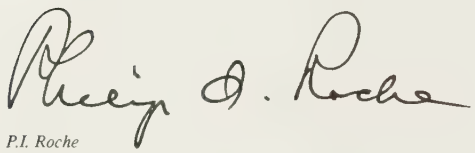
The terms of office of four Directors were completed in 1985. Chairman B.A. Reynolds was a founding Director in 1974 and Chairman since 1982. Directors J. Simons, G. Maeck, and G.E. Wallace completed three year terms. The Board acknowledges with thanks the wise counsel, active participation and good work of these people.

New appointees, including myself, are M.L. Rainville, J.J. Hickey and G.C. Post. We have been warmly welcomed by other Board members and staff. All have been very helpful and supportive.

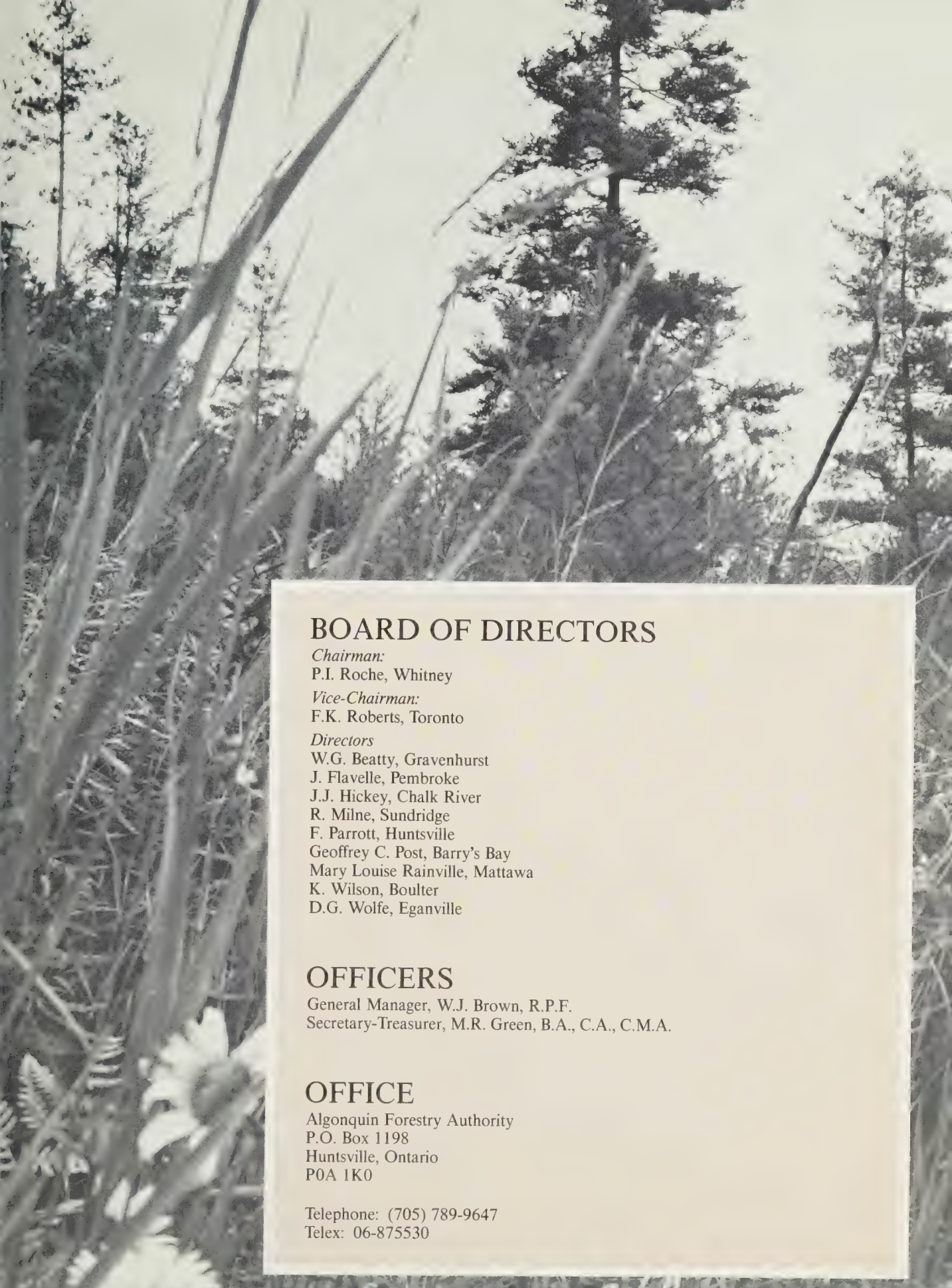
The salvage of wind damaged timber was completed in 1984-85 and the 1985-86 program returned to a more normal pattern. The reduced level of activity required adjustments and changes for contractor, clients, and staff. These changes were accomplished smoothly.

The appointment of W.J. Brown, R.P.F. as General Manager created the opportunity for a number of other staff changes within the organization which are detailed later in this report.

The objectives of the Authority were successfully completed for 1985-86 due to the diligent work of staff and contractors, the co-operation and support of clients, and valuable collaboration from the Ministry of Natural Resources and several other agencies and individuals. The Board of Directors acknowledges and appreciates their co-operation and support and looks forward to a successful 1986-87.



P.I. Roche
Chairman



BOARD OF DIRECTORS

Chairman:
P.I. Roche, Whitney

Vice-Chairman:
F.K. Roberts, Toronto

Directors
W.G. Beatty, Gravenhurst
J. Flavelle, Pembroke
J.J. Hickey, Chalk River
R. Milne, Sundridge
F. Parrott, Huntsville
Geoffrey C. Post, Barry's Bay
Mary Louise Rainville, Mattawa
K. Wilson, Boulter
D.G. Wolfe, Eganville

OFFICERS

General Manager, W.J. Brown, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., C.M.A.

OFFICE

Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Telex: 06-875530

INTRODUCTION





Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises ten sawmills, three veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $51 millions in terms of 1985 value added (2).

GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, asthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

STRATEGIES

The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the sixteen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

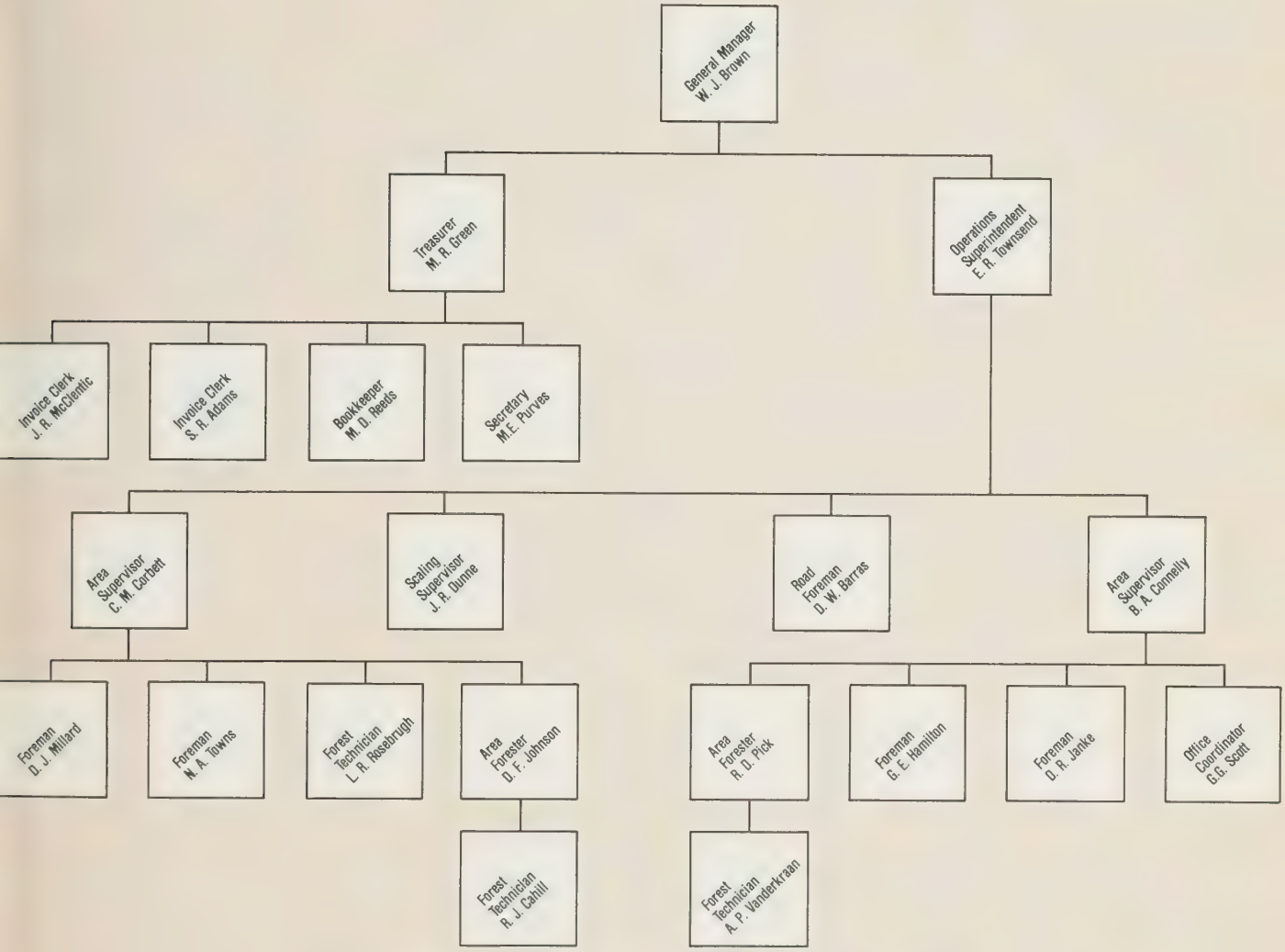
The second two objectives are met by sound planning and controlled implementation within regulated standards. Silviculture prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed or natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

1) Forest Management Plan Algonquin Provincial Park, Algonquin Forestry Authority 1980

2) The Forest Industry in the Economy of Ontario, Ministry of Natural Resources, 1981



ALGONQUIN FORESTRY AUTHORITY ORGANIZATION CHART





1985-86 Board of Directors

RESULTS OF OPERATIONS

Sales declined to normal levels in 1985-86 after completing salvage timber operations in 1984-85. The decline was 16% with final sales of $9,859,684.

Net income declined 76% to $128,507 from the 1984-85 net income of $525,704. Higher incomes were provided in 1984-85 from large volumes of salvage pine.

Forest management undertaking revenue relates directly to logging activity and as a result decreased 6% to $1,287,885.

In the 1985-86 period, increased silvicultural stand improvement was implemented with expenses of $103,473 and cost recovery of $63,648. In addition, an improved time allocation resulted in a more accurate charge for administrative wages.

The result of the activity noted was a 68% decline in net income to $108,550.





FINANCIAL POSITION

The continued positive performance is indicated by the cash position of $130,392 and term loans repaid at March 31, 1986.

Working capital improved again, increasing $79,354 to $1,171,005.

LOGGING OPERATIONS

The total volume of forest products produced in the year was 441,611 m^3, which was down 12% from 1984-85.

Pine and spruce sawlog volumes were down 40% from 1984-85 which was the peak year for the blowdown salvage. A volume of 3750 m^3 of two year old salvage was recovered.

Pulpwood, boltwood and fuelwood volumes amounted to 183,751 m^3. Weather conditions were generally favourable, particularly during the winter, and contractors finished early.

A safety awareness program for logging contractors and their employees was begun in 1984-85. The contractor with the best safety record in 1984-85 was Basil Visneskie and Sons Ltd. In 1985-86, Robert Yaskolskie Logging Ltd. had the best record.



Safety Award Banquet

PRODUCT DISTRIBUTION (CUBIC METRES)

PRODUCT	Annual Available Harvest	Annual Allocation	Surplus Available	Regular Harvest 1985-86	Salvage 1985-86	Total 1985-86	Total 1984-85
Hardwood Veneer Logs	10,732	12,740	—	6,429	—	6,429	11,289
Hardwood Sawlogs	121,144	121,645	—	102,443	—	102,443	132,083
Hemlock Sawlogs	73,883	47,350	26,533	38,677	—	38,677	35,701
Pine	68,008	68,008	—	73,243	3,685	76,928	160,127
Spruce Sawlogs Balsam Sawlogs	12,001	12,001	—	22,910	70	22,980	
Poplar Splint Logs	4,620	4,620	—	4,618	—	4,618	5,200
Red Pine Poles	6,370	6,370	—	5,793	—	5,793	12,798
Pulpwood, Boltwood & Fuelwood	313,651	155,270	158,381	183,743	—	183,743	143,168
TOTAL	**610,409**	**428,004**	**184,914**	**437,856**	**3,755**	**441,611**	**500,366**

SALES



Total sales were down by 12% relative to last year, reflecting a return to more normal levels.

Demand for softwood and hardwood sawlogs was steady until late in the season when some mills began to curtail deliveries of hardwood and hemlock logs.

Sales of pulpwood, boltwood, and fuelwood were up substantially to a level of 183,751 m^3 compared to 158,381 m^3 a year earlier. This was primarily due to demand for poplar and boltwood. Fuelwood was down to 21,777 m^3 compared to 25,513 m^3 the previous year.

As the season ended it was apparent that problems were developing in the hardwood rail tie market, and that poplar and hemlock markets were softening.

OPERATIONS PLANNING AND CONTROL



A new forest operating plan for the period 1985-1990 was completed and approved after extensive consultation with the Ministry of Natural Resources and opportunities for public review and comment.

A major data processing project was completed during the year. Wood measurement data is now keyed into a computer system. The system then generates internal reports and financial statements, invoices to customers, and transmits data to the Ministry of Natural Resources.

The cutover survey for 1984-85 mapped 18,351 hectares of which 5,737 hectares were blowdown and the balance regular areas. The yield per hectare was 27.3 m^3 compared to 31.4 m^3 the previous year. The lower volume recovery results from the areas of partial blowdown which were salvaged.

CONSTRUCTION AND REPAIR



Two major bridges received repairs and reconstruction during the year.

The bridge over the Petawawa River at Radiant Lake was damaged by high water levels and ice build up, and was dismantled and rebuilt during a four week period in August.

The bridges over the Petawawa River near Lake Traverse required extensive repairs because of deteriorating timber on the deck and railings.

Crushed gravel was applied on the first 13 km of the Lake Traverse road and a bridge was installed to replace culverts at Lone Creek.

Reconstruction and maintenance was performed on several other roads as needed for both logging and recreational uses.





REHABILITATION





Two temporary bridges on creek crossings in Finlayson Township were removed and the stream banks contoured to their natural position.

A number of eight to ten feet high conifer trees were planted near a road entering off highway 60 to screen the opening.

On three locations where winter roads crossed hiking trails, the area in the vicinity of the trail was levelled and landscaped to a natural appearance. Three Park boundary crossings that are no longer used, were closed off.

FOREST MANAGEMENT

Marking of trees for retention or removal under the silvicultural systems in use, is a major part of the forest management effort. A.F.A. Technicians and Foresters marked 12,100 hectares during the year and M.N.R. staff audited the work throughout the year.

Planting of 340,000 trees in the vicinity of the blowdown was done during the spring and summer. The total number of trees planted in the blowdown area is now at 622,000.

Stand improvement on 2,175 hectares of tolerant hardwood areas was completed by removing defective and cull trees.

Growth plots have been established in both tolerant hardwood and pine areas to monitor the growth of the forest after cutting under the selection and uniform shelterwood systems.

Examination of 3,288 hectares of white and red pine area indicates that 95% are stocked satisfactorily with pine and spruce seedlings and saplings five years after the seeding cut.

An amendment to the Forest Management Plan was proposed to allow seasonal road crossings of the Crow and Nipissing Rivers. A public review of the proposal was conducted during March.

A small forest fire occurred in Stratton Township during August, 1985. The area affected was 12 hectares and lightning was the probable cause. Some material will be salvaged during 1986-87.





PERSONNEL

Total regular staff numbers remained at 21 with seasonal staff numbering up to 35.

There were three resignations during the year and new staff appointments have been made to fill these positions.

A variety of staff training was conducted during the year in the areas of computer operations, surveying, management skills, and wood measurement. Various staff attended seminars on forest management, wildlife habitat management, and enviromental assessment reviews.





PUBLIC RELATIONS

Speaking engagements were completed by staff at community colleges and universities, service clubs, the Federation of Anglers and Hunters, and other interested groups.

Tours of various aspects of Forest Management in Algonquin Park were conducted for visitors from as far away as Japan and China, as well as a number of groups from Ontario and across Canada.

The Authority contributed funds toward the updating of the slidetape presentation on the history of logging in Algonquin Park which is shown at the Logging Museum near the East Gate of the Park.

FORECAST 1986-87

Logging production of 459,000 m^3 is planned, up slightly from 1985-86. This may prove to be an ambitious objective in light of problems which are emerging in the marketplace. Demand for sawmill wood chips is uncertain, and the market for hardwood railway ties has fallen dramatically. The most worrisome development is the continuing talk in the United States about imposing tariffs on Canadian softwood lumber. These developments combine to make manufacturers of wood products very nervous and cautious. 1986-87 could be a very challenging year.

We are watching nervously the spread of the Gypsy Moth into areas adjacent to the Park and can only hope that spraying programs this spring will keep it from becoming a problem in the Park during the year.



ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

BALANCE SHEET AS AT MARCH 31, 1986

Assets

	1986 ($)	1985 ($)
Current Assets		
Cash	**130,392**	—
Accounts receivable	**1,288,026**	1,249,563
Inventory	**180,153**	558,769
Prepaid expenses	**2,570**	485
	1,601,141	1,808,817
Fixed (note 3)	**608,528**	431,516
Deferred charge	**90,487**	113,109
	2,300,156	2,353,442

Liabilities and Surplus

Current Liabilities		
Bank overdraft	—	9,109
Accounts payable and accrued liabilities	**313,914**	365,801
Contractors' performance holdbacks	**116,222**	88,839
Term loans, Province of Ontario	—	253,417
	430,136	717,166
Deferred credit (note 4)	**7,496**	10,809
Surplus	**1,862,524**	1,625,467
	2,300,156	2,353,442

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1986

	1986 ($)	1985 ($)
Revenue		
Product sales	**9,036,585**	11,091,819
Standing timber sales	**778,323**	675,613
Other	**44,776**	32,823
	9,859,684	11,800,255
Expenditure		
Operating — direct		
Logging and distribution costs	**7,464,037**	8,855,706
Crown timber stumpage charges	**1,147,221**	1,292,576
Road maintenance	**88,462**	43,026
Area charges	**13,892**	12,888
Operations planning	**13,414**	61,253
	8,727,026	10,265,449
Operating income	**1,132,658**	1,534,806
Administrative — indirect operating and other		
Salaries and benefits	**591,488**	660,466
Depreciation and amortization	**155,640**	100,958
Office supplies and expenses	**71,391**	66,118
Consulting	**31,595**	35,848
Directors' allowances and expenses	**31,354**	30,703
Public relations	**25,241**	3,286
Interest	**22,393**	63,331
Staff recruitment and relocation	**22,046**	—
Office rent	**21,570**	22,801
Staff training	**10,037**	8,018
Staff travel	**8,483**	8,532
Insurance	**8,474**	7,644
Bad debt expense	**3,827**	905
Legal	**612**	492
	1,004,151	1,009,102
Net income for the year	**128,507**	525,704
Net income for the year — Forest Management Undertaking (Schedule)	**108,550**	337,819

See accompanying notes to financial statements.

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1986

	1986 ($)	1985 ($)
Algonquin Forestry Authority		
Surplus, beginning of year	**1,303,836**	778,132
Net income for the year	**128,507**	525,704
Balance, end of year	**1,432,343**	1,303,836
Forest Management Undertaking (note 2)		
Unappropriated surplus (deficit), beginning of year	**267,188**	(33,850)
Net income for the year	**108,550**	337,819
Appropriated for replacement of fixed assets	**(38,081)**	(36,781)
Unappropriated surplus, end of year	**337,657**	267,188
Appropriated surplus, beginning of year	**54,443**	17,662
Appropriated for replacement of fixed assets	**38,081**	36,781
Appropriated surplus, end of year	**92,524**	54,443
Balance, end of year	**430,181**	321,631
Surplus, end of year	**1,862,524**	1,625,467

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1986

	1986 ($)	1985 ($)
Source of working capital		
Net income for the year:		
Algonquin Forestry Authority	**128,507**	525,704
Forest Management Undertaking	**108,550**	337,819
Add (deduct) items not affecting working capital:		
Depreciation and amortization	**161,528**	103,353
Gain on disposal of fixed assests	**(7,300)**	(6,813)
	391,285	960,063
Proceeds from disposal of fixed assests	**7,300**	8,791
	398,585	968,854
Use of working capital		
Purchase of fixed assets	**319,231**	247,873
Increase in working capital	**79,354**	720,981
Working capital, beginning of year	**1,091,651**	370,670
Working capital, end of year	**1,171,005**	1,091,651

See accompanying notes to financial statements.

FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1986

SCHEDULE

	1986 ($)	1985 ($)
Revenue		
Forest management revenue (note 2)	**1,047,303**	1,174,816
Operating reimbursements	**165,000**	179,000
Stand improvement	**63,648**	—
Other	**11,934**	16,594
	1,287,885	1,370,410
Direct Expenditures		
Wages and benefits	**389,742**	404,278
Heavy equipment rental	**137,017**	168,355
Stand improvement	**103,473**	—
Materials	**73,480**	22,772
Paint	**59,138**	59,535
Salt and calcium	**49,664**	52,470
Vehicle costs	**41,622**	48,503
Planting stock	**40,330**	47,600
Sub contractors — tree marking	**25,970**	29,060
Vehicle rental	**15,055**	19,313
Board and provisions	**14,448**	15,169
	949,939	867,055
Indirect expenditure		
Salaries and benefits	**132,565**	116,738
Staff training	**16,172**	12,280
Radio rentals	**4,344**	4,279
	153,081	133,297
	1,103,020	1,000,352
Operating Income	**184,865**	370,058
Administrative		
Wages and benefits	**43,630**	6,677
Office expense	**10,944**	8,608
Office rent	**9,210**	7,697
Depreciation (note 3)	**5,888**	2,395
Insurance	**4,655**	4,837
Staff travel	**1,988**	—
Interest	**—**	2,025
	76,315	32,239
Net income for the year	**108,550**	337,819

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1986

1. Significant Accounting Policies

a) Inventory.
Inventory is stated at the lower of cost and net realizable value.

b) Depreciation and amortization of fixed assets.
Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

c) Deferred charge.
Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 1990 were deferred and are being amortized on a straight line basis over 10 years.

2. Forest Management Undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Funding to conduct these activities is derived from operating reimbursements from the Ministry and from the retention of approximately 90 percent of the stumpage fees normally remitted to the Ministry.

3. Fixed Assets

Fixed assets in service are stated at cost and consist of:

	1986 ($)		1985 ($)	
	Cost	**Accumulated Depreciation and Amortization**	Cost	Accumulated Depreciation and Amortization
Furniture and fixtures	**48,660**	**27,234**	47,232	23,102
Data processing	**67,310**	**20,571**	41,097	11,370
Technical equipment	**34,733**	**11,025**	31,004	7,913
Automotive equipment	**148,490**	**95,260**	126,204	84,454
Buildings and structures	**14,137**	**11,520**	14,337	10,107
Capital roads	**849,200**	**388,392**	608,507	299,919
Forest management undertaking (note 4)	**235,193**	**—**	231,880	—
	1,397,723	**554,002**	1,100,261	436,865
Forest management undertaking grants (note 4)	**(235,193)**		(231,880)	
	1,162,530		868,381	
	(554,002)		(436,865)	
	608,528		431,516	

Some of the Authority's fixed assets are used to carry out activities of the Forest Management Undertaking (FMU). As a result, the FMU has been charged depreciation of $5,888 on such assets.

4. Deferred Credit

The Ministry of Natural Resources has contributed $242,689 for capital expenditures relating to the Forest Management Undertaking of which $235,193 has been spent as at March 31, 1986. The remaining amount of $7,496 has been recorded as a deferred credit.

5. Commitments

The Authority rents premises under two leases which expire on November 30, 1988 and February 28, 1989. The current annual rent excluding escalation costs, under these leases, is $5,600 and $25,300 respectively.

6. Comparative Figures

Comparative figures have been reclassified where necessary to conform with 1986 presentation.

Office of the Provincial Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
M7A 1A2
416/965-1381

To the Members,
Algonquin Forestry Authority,
and to the
Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1986 and the statements of operations, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1986 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In accordance with Section 18 of the Algonquin Forestry Authority Act, a report on the audit has been made to the Authority and to the Minister.

J.F. Otterman

J.F. Otterman, F.C.A.,
Assistant Provincial Auditor

Toronto, Ontario,
July 16, 1986.


North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L.
Petawawa River
Lake Traverse
Powassan
Manitou L.
Catfish L.
Achray
Petawawa
Pembroke
Trout Creek
North Tea L.
Grand Lake
Portal L.
White Partridge L.
Lake Lavieille
Dickson L.
South River
Sundridge
Bonnechere River
Round
Golden L.
Trout L.
Opeongo Lake
Booth L.
Opeongo River
Burnt Island
Joe
Burk's Falls
Magnetawan River
Kearney
Smoke
Rock
Whitney
Madawaska
Barry's Bay
East River
Hay L.
Madawaska River
Dwight
Kawagama L.
Huntsville
Lake of Bays
Dorset
Haliburton L.
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden



Algonquin Forestry Authority

P.O. Box 1198
Huntsville, Ontario
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CA2ØN
NR 200
-A56



ALGONQUIN FORESTRY AUTHORITY

Twelfth Annual Report 1986-1987

Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1986 and ending March 31, 1987.

VINCENT G. KERRIO
Minister

Algonquin
Forestry
Authority

Honourable Vincent G. Kerrio
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1986 and ending March 31, 1987.

P.I. Roche
Chairman

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Photos on pages 1, 8, and 21 courtesy of Ministry of Natural Resources

CHAIRMAN'S FOREWORD

The Board met six times during the year to carry out its mandate to direct the affairs of the Authority on behalf of the Minister of Natural Resources. Two meetings were held with Park allocation holders and there were various consultations with the Ministry of Natural Resources and Industry Staff. Field tours of various aspects of logging and forest management work are included in these meetings to keep Board members aware of practices in the Park.

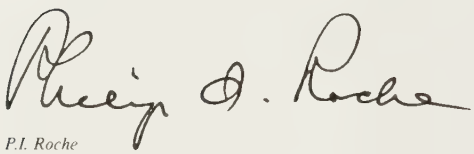
Four long serving Members of the Board retired in December. Frank K. Roberts served as a Board member from 1974-1983 and as Vice-Chairman from 1983-1986. Reginald Milne and Daniel G. Wolfe served as Directors from 1980-1986 and W. George Beatty as a Director from 1981-1986. The Board extends its sincere thanks and appreciation for the active participation and wise counsel of these people over the years.

New appointees are: Michael J. Galligan of Almonte, John A. Macfie of Parry Sound, Owen J. Smith of New Liskeard, and Phyllis E. Wall of North Bay. We have welcomed these people to the Board and look forward to their help and participation.

The Forest Industry in the region was subjected to various problems through the year. The imposition of an export tax on Canadian softwood lumber and the long debate leading up to it, caused a great deal of uncertainty, caution, and difficulty for softwood producers. Hardwood producers are struggling with static prices and restricted markets for the lower grades. The desirability of more mills in the area which utilize the large amounts of sawdust, shavings, and wood chips which are available, is increasingly evident. The pulping sector is the one bright spot in an otherwise struggling industry.

The Board wishes to compliment the General Manager and the staff for a job well done. The contractors and their employees from the communities around the Park continue to do excellent work. The co-operation and support of clients, and the valuable collaboration of the Ministry of Natural Resources is very much appreciated.

The year ahead will undoubtedly present new challenges, but the Board is confident that this unique arrangement to effect integrated resource management will be up to these challenges.



P.I. Roche
Chairman



BOARD OF DIRECTORS

Chairman:
P.I. Roche, Whitney

Vice-Chairman:
J.J. Hickey, Chalk River

Directors:
John Flavelle, Pembroke
Michael Galligan, Almonte
John Macfie, Parry Sound
Frank Parrott, Huntsville
Ken Wilson, Boulter
Geoffrey C. Post, Barry's Bay
Mary Louise Rainville, Mattawa
Owen Smith, New Liskeard
Phyllis Wall, North Bay

OFFICERS

General Manager, W.J. Brown, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., C.M.A.

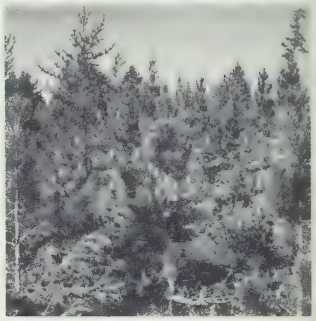
OFFICE

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P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
CNCP Electronic Mail: AQF001
System 23

INTRODUCTION





Pine Plantation

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises ten sawmills, three veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $51 millions in terms of 1985 value added (2).

GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, asthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

STRATEGIES

The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the sixteen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

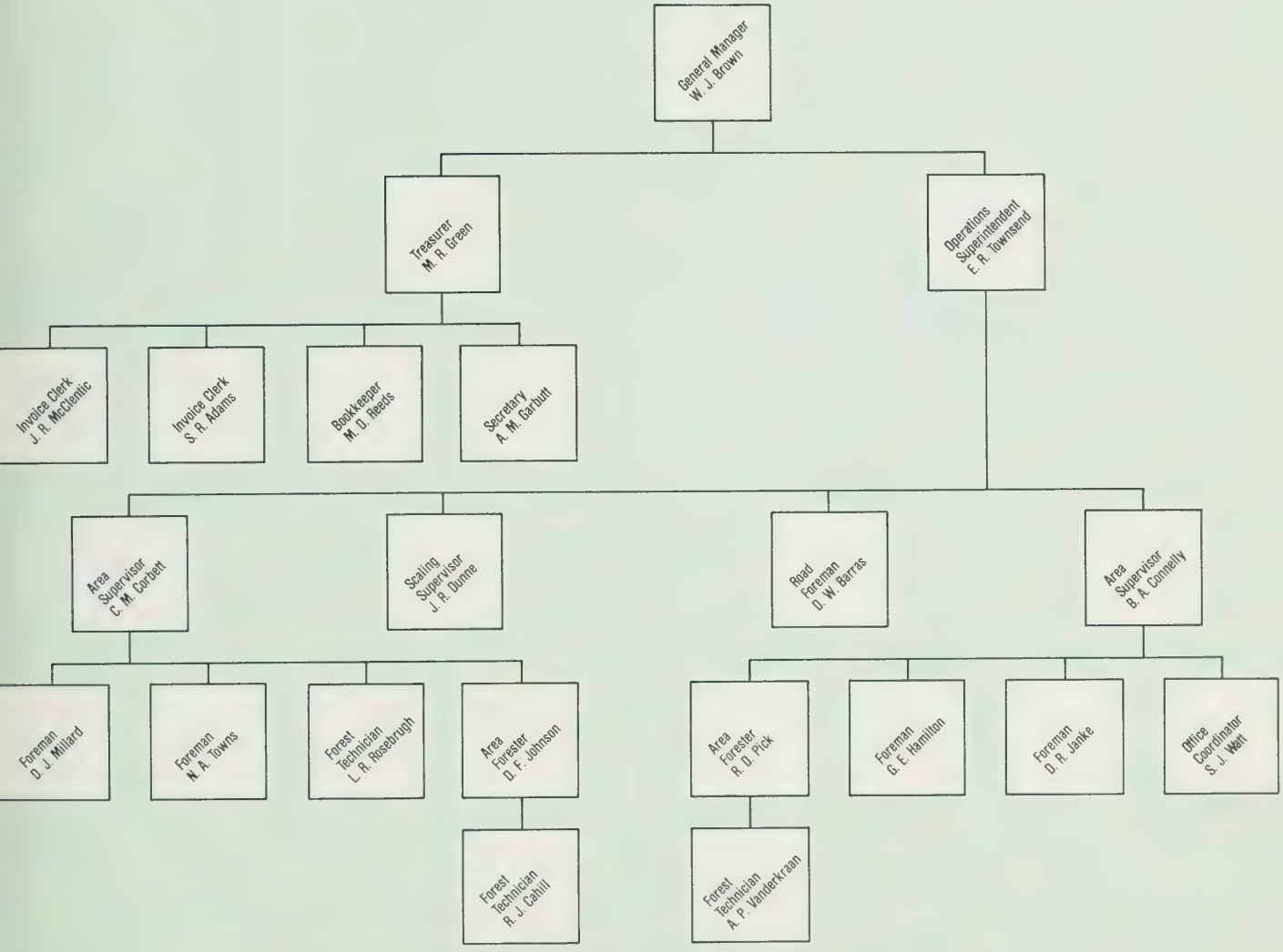
The second two objectives are met by sound planning and controlled implementation within regulated standards. Silviculture prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed for natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

1) Forest Management Plan Algonquin Provincial Park, Algonquin Forestry Authority 1980

2) The Forest Industry in the Economy of Ontario, Ministry of Natural Resources, 1981



ALGONQUIN FORESTRY AUTHORITY ORGANIZATION CHART





1986-87 Board of Directors

RESULTS OF OPERATIONS:

Poor market conditions resulted in an 8% decline in product sales to $8,335,685 and an 8% decline in standing timber sales to $718,175.

Other revenue increased by $169,465 to $214,241 because of higher interest income and the Authority acting as construction manager on a road building project outside the Park.

During the year additional funds were spent on operations planning and capital roads which resulted in higher depreciation expense.

Net income declined 88% because of these additional activities, to $14,870.

Forest management undertaking revenue relates directly to logging and declined 6% to $987,556. Stand improvement contracts increased by $153,836 over 1985-86 to $217,484.

Net income increased 7% to $116,186.





Selection Cutting in Hardwood

FINANCIAL POSITION:

The current ratio, current assets to current liabilities, remained strong at 3.7 to 1.0.

The trend of reinvesting earnings continued with net fixed assets increasing by $157,532. The major fixed asset expenditure was capital roads.

LOGGING OPERATIONS:

The total volume of forest products produced and delivered in the year was 404,103 cubic metres, down 8.5% from 1985-86.

Pine and spruce sawlog volumes were down 14% from 1985-86 and pulpwood, boltwood and fuelwood volume declined 8.9% to 167,455 cubic metres. Hemlock volume was up 12% largely due to an inventory from the 1985-86 season.

The proportion of volume produced with a tree length system of logging has been increasing in recent years. In 1986 approximately 113,000 cubic metres, 27% was produced in this fashion.

The logging contractor with the best safety record in 1986-87 was Basil Visneskie and Sons Ltd.



Safety Award Banquet

PRODUCT DISTRIBUTION (CUBIC METRES)

Product	Annual Available Harvest	Annual Allocation	Surplus Available	Total Harvest 1986-87	Total 1985-86
Hardwood Veneer Logs	10,732	12,740	—	7,304	6,429
Hardwood Sawlogs	121,144	121,645	—	88,434	102,443
Hemlock Sawlogs	73,883	47,350	26,533	43,234	38,677
Pine Sawlogs	68,000	68,000	—	64,839	76,928
Spruce and Balsam Sawlogs	12,000	12,000	—	20,839	22,980
Poplar Splint Logs	4,620	4,620	—	4,232	4,618
Red Pine Poles	6,370	6,370	—	7,766	5,793
Pulpwood, Boltwood and Fuelwood	313,651	155,270	158,381	167,455	183,743
TOTAL	**610,400**	**427,995**	**184,914**	**404,103**	**441,611**

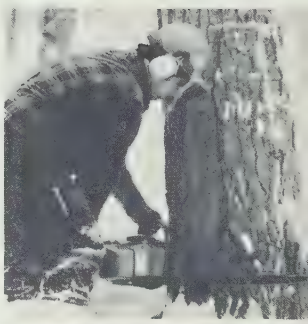
SALES

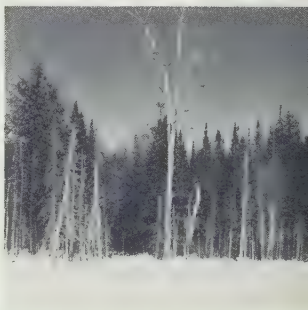
The imposition of a 15% export tax on Canadian softwood lumber, and the long debate leading up to that decision created an atmosphere of uncertainty and caution throughout the year. Sawmills were reluctant to accumulate inventory. Sales of pine and spruce sawlogs were down 14% from a year earlier.

Low sales prices for the lower grades of hardwood lumber results in pressure on log prices and quality standards.

The pulp sector experienced improvements during the year but pulpwood and sawmill residue supply is readily available and prices continue to be depressed. Softwood pulpwood was particularly difficult to sell throughout the year.

A volume of 23,796 cubic metres of low quality hardwoods were sold as fuelwood.





Heron Nests

OPERATIONS PLANNING AND CONTROL

Field work is underway to plan for the 1990-1995 operating period. Areas eligible for harvest in this period are being surveyed to gather data for preparation of the plan. An area of 25,392 hectares was surveyed during the year. The data is being entered on a computer database program for storage and analysis.

The Annual Report (cutover survey) mapped a total of 12,330 hectares for the 1985-86 season. The volume recovered per hectare averaged 35 cubic metres.

The 1978 inventory classified 13,700 hectares as "Barren and Scattered." A field survey of these areas was completed during the year and a report of the findings, including a proposal for remedial action, where necessary, has been presented to the Ministry of Natural Resources.

The annual work schedule for the year was approved by the Ministry of Natural Resources after discussion, and modifications were agreed to.



CONSTRUCTION AND REPAIR

Regular maintenance on public access roads included grading, dust abatement, brush control, and repairs as needed. Crushed gravel was applied to the Lake Traverse road from km 19 to km 29.

Last year's annual report indicated that a formal amendment to the Forest Management Plan was proposed, to allow seasonal road crossings of the Crow and Nipissing Rivers. This proposal was approved in June subject to a number of conditions.

In September and October approaches and bridges were constructed at points on the Crow and Nipissing Rivers to provide seasonal access to parts of the recreation-utilization zone. These crossings can be used only during the fall and winter months.

The Authority acted as construction manager for the Ministry of Natural Resources in the reconstruction of 17 km of road outside of the Park in Boyd Township. This existing road had ditches re-established, culverts replaced, and gravel applied.





REHABILITATION



Culverts were removed from creeks in three locations and the stream banks restored to a natural state.

At two locations where winter roads crossed hiking trails, the trail area and the approaches were rehabilitated by contouring and planting. Contouring of banks and planting of trees was done on four gravel pit areas.

FOREST MANAGEMENT

A total of 12,341 hectares of area was marked for harvesting during the season. An area of 2004 hectares was marked under the uniform shelterwood system and 9274 hectares using the selection system. Seed tree and clear cut systems were used for the balance of the area.

Stand improvement operations were completed on 3097 hectares of tolerant hardwood area by removing defective and cull trees.

Juvenile spacing was completed on 210 hectares of twelve year old pine stands in White Township. These very dense stands were thinned to provide more favourable growing conditions for the red pine component. An additional 240 hectares is planned for 1987-88.

Close monitoring of Gypsy Moth population levels indicated presence, but did not warrant control measures within the Park. Some spraying took place outside the Park area.

There were 75,200 pine trees planted in the vicinity of 1983-84 blowdown area. The total trees planted in this area is now 700,000.





PERSONNEL

Total regular staff numbers remained at 21 with seasonal staff numbering up to 35 during the May to December period. Silvicultural contractors were engaged for part of the tree marking program, and for the juvenile spacing project.

Staff attended training courses in performance appraisal, computer usage, presentation skills, and accounting to upgrade their skills.





PUBLIC RELATIONS

Several tours of various aspects of Forest Management in Algonquin Park were conducted for visitors from several parts of Canada and as far away as Harbin, China.

A variety of speaking engagements were completed including the annual meeting of the Canadian Pulp and Paper Association, and Lakehead University.

Planning began for the production of a short film about the workings of the Algonquin Forestry Authority.

FORECAST 1987-88

Logging production of 422,500 cubic metres is planned, up slightly from the 1986-87 actual of 404,103 cubic metres.

The prospects for the pulp industry appear to remain favourable at least through to 1989.

The sawmilling industry, however, is confronted with a variety of problems including export taxes, static prices, and stiff competition. These problems are expected to continue throughout the year.



Visitors from Harbin, China

ALGONQUIN FORESTRY AUTHORITY

(Incorporated without share capital under the Algonquin Forestry Authority Act)

BALANCE SHEET AS AT MARCH 31, 1987

Assets

	1987 ($)	1986 ($)
Current Assets		
Cash	**329,462**	130,392
Accounts receivable	**1,124,499**	1,288,026
Inventory	**139,140**	180,153
Prepaid expenses	**454**	2,570
	1,593,555	1,601,141
Fixed (note 3)	**766,060**	608,528
Deferred charge	**67,865**	90,487
	2,427,480	2,300,156

Liabilities and Surplus

Current Liabilities		
Accounts payable and accrued liabilities	**354,131**	313,914
Contractors' performance holdbacks	**79,769**	116,222
	433,900	430,136
Deferred credit (note 4)	**—**	7,496
Surplus	**1,993,580**	1,862,524
	2,427,480	2,300,156

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1987

	1987 ($)	1986 ($)
Revenue		
Product sales	**8,335,685**	9,036,585
Standing timber sales	**718,175**	778,323
Other	**214,241**	44,776
	9,268,101	9,859,684
Expenditure		
Operating — direct		
Logging and distribution costs	**6,852,686**	7,464,037
Crown timber stumpage charges	**1,089,219**	1,147,221
Road maintenance	**209,951**	88,462
Operations planning	**66,081**	13,414
Area charges	**15,477**	13,892
	8,233,414	8,727,026
Operating income	**1,034,687**	1,132,658
Administrative — indirect operating and other		
Salaries and benefits	**617,388**	591,488
Depreciation and amortization	**190,780**	155,640
Office supplies and expenses	**73,306**	71,391
Directors' allowances and expenses	**30,382**	31,354
Office rent	**22,343**	21,570
Interest	**18,247**	22,393
Consulting	**15,331**	31,595
Staff training	**13,591**	10,037
Staff travel	**13,227**	8,483
Insurance	**11,002**	8,474
Bad debt expense	**8,792**	3,827
Public relations	**4,768**	25,241
Legal	**660**	612
Staff recruitment and relocation	**—**	22,046
	1,019,817	1,004,151
Net income for the year	**14,870**	128,507
Net income for the year — Forest Management Undertaking (Schedule)	116,186	108,550

See accompanying notes to financial statements.

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1987

	1987 ($)	1986 ($)
Algonquin Forestry Authority		
Surplus, beginning of year	**1,432,343**	1,303,836
Net income for the year	**14,870**	128,507
Balance, end of year	**1,447,213**	1,432,343
Forest Management Undertaking (note 2)		
Unappropriated surplus, beginning of year	**337,657**	267,188
Net income for the year	**116,186**	108,550
Appropriated for replacement of fixed assets	**(49,474)**	(38,081)
Fixed assets replaced	**15,796**	—
Unappropriated surplus, end of year	**420,165**	337,657
Appropriated surplus, beginning of year	**92,524**	54,443
Appropriated for replacement of fixed assets	**49,474**	38,081
Fixed assets replaced	**(15,796)**	—
Appropriated surplus, end of year	**126,202**	92,524
Balance, end of year	**546,367**	430,181
Surplus, end of year	**1,993,580**	1,862,524

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1987

	1987 ($)	1986 ($)
Cash provided by operating activities		
Cash from operations		
Net income for the year:		
Algonquin Forestry Authority	**14,870**	128,507
Forest Management Undertaking	**116,186**	108,550
Add (deduct) charges to operations not requiring a current cash payment:		
Depreciation and amortization	**198,495**	161,528
Gain on sale of fixed assets	**(7,217)**	(7,300)
	322,334	391,285
Net change in non cash working capital balances related to operations	**210,410**	60,147
Cash provided by operating activities	**532,754**	451,432
Cash (provided by) used in investing activities		
Proceeds on sale of fixed assets	**(7,685)**	(7,300)
Acquisition of fixed assets	**341,369**	319,231
Cash used in investing activities	**333,684**	311,931
Increase in cash during the year	**199,070**	139,501
Cash position, beginning of year	**130,392**	(9,109)
Cash position, end of year	**329,462**	130,392

See accompanying notes to financial statements.

FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1987

(SCHEDULE)

	1987 ($)	1986 ($)
Revenue		
Forest management revenue (note 2)	**987,556**	1,047,303
Stand improvement	**217,484**	63,648
Operating reimbursements	**159,000**	165,000
Other	**23,700**	11,934
	1,387,740	1,287,885
Expenditures		
Direct Expenditure		
Wages and benefits	**350,879**	389,742
Stand improvement	**213,880**	103,473
Heavy equipment rental	**155,731**	137,017
Sub contractors — tree marking and other	**117,323**	25,970
Paint	**59,131**	59,138
Salt and calcium	**53,263**	49,664
Vehicle costs	**40,945**	41,622
Materials	**18,890**	73,480
Board and provisions	**11,742**	14,448
Vehicle rental	**5,904**	15,055
Planting stock	**348**	40,330
	1,028,036	949,939
Indirect expenditure		
Salaries and benefits	**125,660**	132,565
Staff training	**12,700**	16,172
Radio rentals	**4,697**	4,344
	143,057	153,081
	1,171,093	1,103,020
Operating Income	**216,647**	184,865
Administrative		
Salaries and benefits	**52,354**	43,630
Consulting	**12,610**	—
Office expense	**8,985**	10,944
Insurance	**8,771**	4,655
Office rent	**8,655**	9,210
Depreciation (note 3)	**7,715**	5,888
Staff travel	**1,371**	1,988
	100,461	76,315
Net income for the year	**116,186**	108,550

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1987

1. Significant Accounting Policies

a) Basis of Accounting.
The financial statements have been prepared in accordance with generally accepted accounting principles.

b) Inventory.
Inventory is stated at the lower of cost and net realizable value.

c) Depreciation and amortization of fixed assets.
Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years.

d) Deferred charge.
Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 1990 were deferred and are being amortized on a straight line basis over 10 years.

2. Forest Management Undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Funding to conduct these activities is derived from operating reimbursements from the Ministry and from the retention of approximately 90 percent of the stumpage fees normally remitted to the Ministry.

3. Fixed Assets

Fixed assets in service are stated at cost and consist of:

	1987 ($)		1986 ($)	
	Cost	**Accumulated Depreciation and Amortization**	Cost	Accumulated Depreciation and Amortization
Furniture and fixtures	**52,295**	**30,678**	48,660	27,234
Data processing	**72,390**	**34,867**	67,310	20,571
Technical equipment	**35,658**	**13,885**	34,733	11,025
Automotive equipment	**145,414**	**97,682**	148,490	95,260
Buildings and structures	**14,137**	**12,933**	14,137	11,520
Capital roads	**1,125,078**	**503,403**	849,200	388,392
Forest management equipment	**15,796**	**1,260**	—	—
Forest management undertaking (note 4)	**242,689**	**—**	235,193	—
	1,703,457	**694,708**	1,397,723	554,002
Forest management undertaking grants (note 4)	**(242,689)**		(235,193)	
	1,460,768		1,162,530	
	(694,708)		(554,002)	
	766,060		608,528	

Some of the Authority's fixed assets are used to carry out activities of the Forest Management Undertaking (FMU). As a result, the FMU has been charged depreciation of $7,715 (1986-$5,888) on such assets.

4. Deferred Credit

The Ministry of Natural Resources has contributed $242,689 for capital expenditures relating to the Forest Management Undertaking all of which has been spent as at March 31, 1987.

5. Commitments

The Authority rents premises under two leases which expire on November 30, 1988 and February 28, 1989. The current annual rent excluding escalation costs, under these leases, is $5,800 and $25,300 respectively.

6. Remuneration of Appointees

Total remuneration of the board members of the Authority was $13,110 during the 1987 fiscal year.

Office of the Provincial Auditor

Parliament Buildings
Queen's Park
Toronto, Ontario
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416/965-1381

To the Members,
Algonquin Forestry Authority,
and to the
Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1987 and the statements of operations, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D.F. Archer

Toronto, Ontario,
July 10, 1987.

D.F. Archer, F.C.A.,
Provincial Auditor


North Bay
Mattawa
QUEBEC
Stonecliffe
Bonfield
Deep River
Kiosk
Daventry
Brent
Cedar
Radiant L
Petawawa River
Lake Traverse
Powassan
Manitou L
Catfish L
Achray
Petawawa
Trout Creek
Grand Lake
Pembroke
North Tea L
Portal L
Lake Lavieille L
White Partridge L
Dickson L
South River
Sundridge
Bonnechere River
Trout L
Round L
Golden L
Booth L
Opeongo Lake
Opeongo River
Burnt Island
Joe L
Burk's Falls
Magnetawan River
Kearney
Smoke L
Rock L
Whitney
Madawaska
Barry's Bay
East River
Hay L
Madawaska River
Dwight
Kawagama L
Huntsville
Lake of Bays
Dorset
Haliburton L
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden



Algonquin Forestry Authority

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ALGONQUIN FORESTRY AUTHORITY

Thirteenth Annual Report 1987-1988

Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1987 and ending March 31, 1988.

VINCENT G. KERRIO
Minister

Algonquin
Forestry
Authority

Honourable Vincent G. Kerrio
Minister of Natural Resources

Honourable Sir:

I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1987 and ending March 31, 1988.

P.I. Roche
Chairman

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CHAIRMAN'S FOREWORD

The Board is pleased to report another successful year of activity by the Algonquin Forestry Authority. The largest program to date of forest improvement was completed during the year. This program included improvement of tolerant hardwood stands, thinning of polewood stands, and tending of pine regeneration. The tree marking program is essential to the success of the silvicultural systems being used. A total of 13,600 hectares was marked during the season, of which 10,400 ha. was marked under the selection system, 2800 ha. under the uniform shelterwood system and 400 ha. for crop tree release in tolerant hardwoods.

The Board have had the opportunity to examine both tolerant hardwood and pine areas that have been under these management systems for over a decade now. We have been impressed with the quality of the main stand, the progress of regeneration, and the growth response.

Marked timber was harvested from designated areas and 440,000 m^3 was delivered to 16 mills around the perimeter of the Park.

Board meetings were held in Huntsville, Barry's Bay, Algonquin Park, Whitney, Pembroke and Toronto during the year. Special committees met on three occasions to deal with budget, personnel and special projects.

A film titled "Algonquin's Forest — Maintaining the Balance" was completed during the year. This film will be shown to park visitors over the summer and is also shown to service clubs and school groups.

A reorganization of staff was approved during the year and will go into effect early in the 1988-89 season. The Board also approved a new radio communication system that will be operational by the summer of 1988.

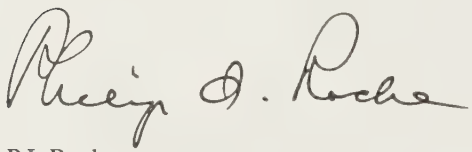
Directors Frank Parrott of Huntsville and Ken Wilson of Boulter completed six year terms in December of 1987. The Board extends its sincere appreciation for the service and advice provided by these long serving members.

The Board welcomes Anne Mundy of Huntsville and Patricia Stamp of Callander as new Directors, and looks forward to their help and advice.

The Forest Industry in the Region experienced a more positive year and particularly the hardwood lumber and pulp sectors showed improvements due to very buoyant markets. A new particleboard plant in the Bancroft area will provide an additional market for sawmill residues.

The Board and the staff of the Algonquin Forestry Authority are grateful for the help and cooperation of many people and organizations, including contractors and their employees, the client companies, and the Ministry of Natural Resources.

The 1988-89 season promises to be a very active one with demand for forest products brisk and a large program of forest management and improvement scheduled. We look forward to the challenges and opportunities that will undoubtedly arise.



P.I. Roche
Chairman

BOARD OF DIRECTORS

Chairman:
P.I. Roche, Whitney

Vice-Chairman:
J.J. Hickey, Chalk River

Directors:
John Flavelle, Pembroke
Michael Galligan, Almonte
John Macfie, Parry Sound
Anne Mundy, Huntsville
Geoffrey C. Post, Barry's Bay
Mary Louise Rainville, Mattawa
Owen Smith, New Liskeard
Patricia Stamp, Callander
Phyllis Wall, North Bay

OFFICERS

General Manager, W.J. Brown, R.P.F.
Secretary-Treasurer, M.R. Green, B.A., C.A., C.M.A.

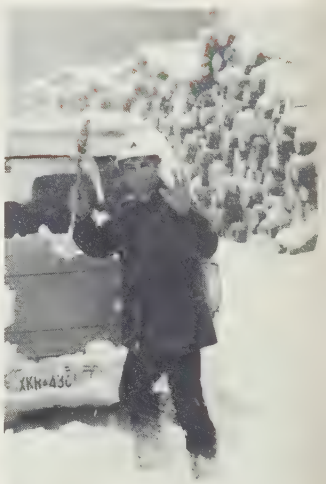
OFFICE

The Algonquin Forestry Authority
P.O. Box 1198
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Facsimile: (705) 789-3353



INTRODUCTION



Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises ten sawmills, three veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $56.5 millions in terms of 1985 value added (2).

GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, asthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

STRATEGIES

The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the seventeen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

The second two objectives are met by sound planning and controlled implementation within regulated standards. Silviculture prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed for natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

1) Forest Management Plan Algonquin Provincial Park, Algonquin Forestry Authority 1980
2) Statistics Canada



ALGONQUIN FORESTRY AUTHORITY ORGANIZATION CHART





1987-88 Board of Directors

RESULTS OF OPERATIONS:



Excellent markets with increased volumes resulted in a 4% increase in product sales to $8,672,850 and a 26% increase in standing timber sales to $903,805.

Other revenue declined to $29,721. In 1986-87 the AFA earned revenue acting as the construction manager on a road building project outside the Park. No similar activity occurred in 1987-88.

Net AFA income increased to $44,476 in 1988 from $14,870 in 1987.

Forest management undertaking revenue relates directly to logging and increased 17% to $1,151,603. Stand improvement and silvicultural contracting increased 87% to $407,591.

The overall FMU revenue increased 29% with all targets achieved. The net income set aside for future silvicultural projects is $23,654.

FINANCIAL POSITION:

Favourable weather allowed production to continue through to March 31, 1988. This late surge of activity caused accounts receivable, accounts payable, and term loans to exceed 1987 levels.

Net fixed assets increased $201,695 which reflects additions to capital roads and an initial investment of $86,000 in a radio communications system.

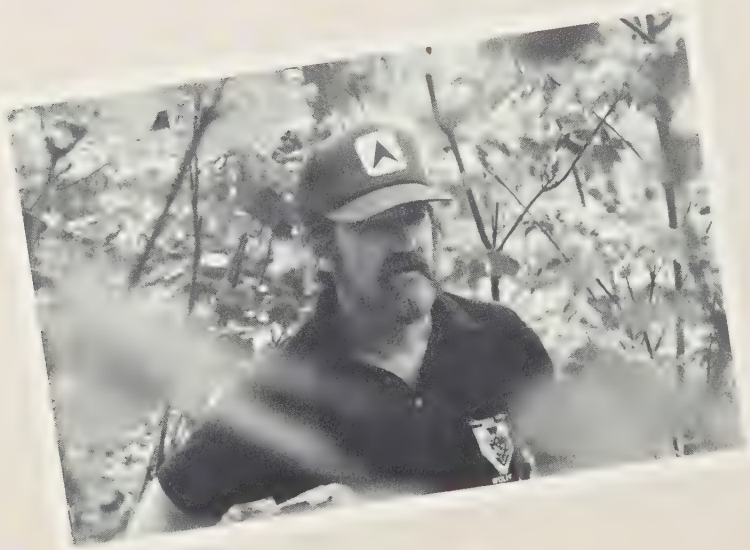
LOGGING OPERATIONS:

The total volume of forest products delivered in the year was 425,508 m^3, up 5% from 1986-87. Pine sawlogs were up 10% from a year earlier, hardwood sawlogs up 16%, and splintwood up 31%. Veneer, hemlock, spruce and balsam, and the pulpwood, fuelwood, boltwood categories were very close to last years volumes. Pole production was down by 13%.

The proportion of total volume produced with a tree length system increased to 43% for the year.

Favourable weather conditions permitted operations to continue right to the end of March which helped greatly in achieving objectives.

The contractor with the best safety record for the year was Meilleurs Bay Forest products Limited.



PRODUCT DISTRIBUTION (CUBIC METRES)

Product	Annual Available Harvest	Annual Allocation	Surplus Available	Total Harvest 1987-88	Total 1986-87
Hardwood Veneer Logs	10,732	12,740	—	7,702	7,304
Hardwood Sawlogs	121,144	121,645	—	103,064	88,434
Hemlock Sawlogs	73,883	47,350	26,533	44,508	43,234
Pine Sawlogs	68,000	68,000	—	71,667	64,839
Spruce and Balsam Sawlogs	12,000	12,000	—	20,350	20,839
Poplar Splint Logs	4,620	4,620	—	5,553	4,232
Red Pine Poles	6,370	6,370	—	6,726	7,766
Pulpwood, Boltwood and Fuelwood	313,651	155,270	158,381	165,938	167,455
TOTAL	**610,400**	**427,995**	**184,914**	**425,508**	**404,103**

SALES

The strong markets for the year were for pulpwood and hardwood sawlogs. Pine demand was steady as usual. The species with weak and troubled markets are still poplar, hemlock, and low quality hardwoods. There is always some demand for these but at prices which do not always cover the cost of production. Poplar is the single largest volume in this category and presents some of the most difficult marketing challenges.

The volume of hardwood sold as fuelwood was down to 18,464 m3 from 25,392 m^3, largely as a result of stronger pulpwood markets.

OPERATIONS PLANNING AND CONTROL

Field work to survey areas candidate for the 1990-95 period continued. An area of 22,300 ha. was surveyed and the data added to the data base. One more field season (1988-89) will be required to complete this task. The detailed planning process will begin in 1988-89.

The annual report (cutover survey) mapped a total of 14,372 ha. for the 1986-87 season. The volume recovered per hectare averaged 34.4 m^3.

The annual work schedule was approved by the Ministry of Natural Resources after discussion, and revisions were agreed to.

FOREST MANAGEMENT



In addition to the tree marking program on 13,600 ha., the largest program to date of silvicultural improvement work was completed during the year. Improvement work in tolerant hardwood stands was completed on 4600 ha. of which 3000 ha. was treated in conjunction with harvesting operations. The balance was completed by silvicultural contractors.

Tending work in pine stands covered 300 ha. This type of work will increase for 1988-89 and continue to rise over the next several years.

Twenty-one additional growth plots were established to monitor growth of residual stands in both tolerant hardwood and pine. These plots are measured at five year intervals.

Free to grow assessments and stocking assessments were completed on barren and scattered areas and on areas harvested in 1979-80 and 1980-81. On a total of 22,300 ha., 15,500 ha. require no treatment, 2800 ha. will be monitored for a few more years, and 4000 ha. will receive various treatments. Trials have been conducted with a "Leno Scarifier" and brushsaws for the removal of competition around pine regeneration.

The Gypsy Moth population collapsed and appears not to be a problem at this time. Forecasts indicate a major infestation of tent caterpillar is expected for 1988-89.

Rehabilitation projects were completed at several sites where temporary roads crossed portages or trails. Three gravel pits and borrow pits were contoured and trees planted.

ROAD MAINTENANCE AND CONSTRUCTION

Grading, dust abatement, brush control, and drainage repair work was carried out on 197 km. of public access roads. Snow plowing and sanding of the Lake Traverse Road was also done. Five small bridges were replaced or repaired, and new culverts installed at several locations.

The major road construction work centered on re-construction of existing roads which had deteriorated over time.

The Rock Lake Road was re-ditched, had new culverts installed, and granular "A" material was applied over the 7 km. length.

A new garage for road maintenance equipment was constructed and an old one dismantled and removed.



PERSONNEL



Total regular staff numbers remained at 21 and seasonal staff numbered up to 35 for the May to December period. Silvicultural contractors were engaged for part of the tree marking program and several stand improvement and tending projects.

After consultation with staff, the Board of Directors, and others, a staff reorganization plan was developed which will go into effect in 1988-89.

These changes are designed to focus more sharply on forest management and planning, build on strengths in harvesting, and prepare for several emerging challenges.

PUBLIC RELATIONS

A major effort during the year was the production of a film — "Algonquin's Forest — Maintaining the Balance." This fifteen minute film, also in videocassette form, was a joint effort of the Authority and the Ministry of Natural Resources. The film provides an outline of how recreation and forest management are integrated.

Field tours for a variety of groups interested in forest management and harvesting activities were conducted and several speaking engagements were completed by staff.

The reader will note that this annual report for the first time, is in both English and French.

FORECAST

Volume production of 423,385 m^3 is planned which is down slightly from the 1987-88 actual production. Markets are expected to be strong at least through to the fall or early winter when some softening is anticipated.

The forest management program will continue at the levels of the past two years with emphasis on hardwood stand improvement, tending of pine regeneration, and planning for the 1990-95 period.





BALANCE SHEET AS AT MARCH 31, 1988

Assets

	1988 ($)	1987 ($)
Current Assets		
Cash	—	329,462
Accounts receivable	**1,457,682**	1,124,499
Inventory	**246,512**	139,140
Prepaid expenses	**2,349**	454
	1,706,543	1,593,555
Fixed (note 3)	**967,755**	766,060
Deferred charge	**45,243**	67,865
	2,719,541	2,427,480

Liabilities and Surplus

Current Liabilities		
Bank overdraft	**9,672**	—
Accounts payable and accrued liabilities	**409,766**	354,131
Contractors' performance holdbacks	**88,393**	79,769
Term loan, Province of Ontario	**150,000**	—
	657,831	433,900
Surplus	**2,061,710**	1,993,580
	2,719,541	2,427,480

See accompanying schedule and notes to financial statements.

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS FOR THE YEAR ENDED MARCH 31, 1988

	1988 ($)	1987 ($)
Revenue		
Product sales	**8,672,850**	8,335,685
Standing timber sales	**903,805**	718,175
Other	**29,721**	214,241
	9,606,376	9,268,101
Expenditure		
Operating — direct		
Logging and distribution costs	**7,128,297**	6,852,686
Crown timber stumpage charges	**1,253,629**	1,089,219
Operations planning	**63,328**	66,081
Road maintenance	**37,419**	209,951
Area charges	**13,942**	15,477
	8,496,615	8,233,414
Operating income	**1,109,761**	1,034,687
Administrative — indirect operating and other		
Salaries and benefits	**627,475**	617,388
Depreciation and amortization	**220,336**	190,780
Office supplies and expenses	**71,272**	73,306
Directors' allowances and expenses	**35,271**	30,382
Interest	**34,075**	18,247
Office rent	**21,522**	22,343
Public relations	**14,779**	4,768
Insurance	**11,615**	11,002
Staff travel	**10,863**	13,227
Staff training	**10,578**	13,591
Consulting	**5,302**	15,331
Bad debt expense	**1,353**	8,792
Legal	**844**	660
	1,065,285	1,019,817
Net income for the year	**44,476**	14,870
Net income for the year — Forest Management Undertaking (Schedule)	**23 654**	116 186

See accompanying schedule and notes to financial statements.

STATEMENT OF SURPLUS
FOR THE YEAR ENDED MARCH 31, 1988

	1988 ($)	1987 ($)
Algonquin Forestry Authority		
Surplus, beginning of year	**1,447,213**	1,432,343
Net income for the year	**44,476**	14,870
Balance, end of year	**1,491,689**	1,447,213
Forest Management Undertaking (note 2)		
Unappropriated surplus, beginning of year	**420,165**	337,657
Net income for the year	**23,654**	116,186
Appropriated for replacement of fixed assets	**(48,022)**	(49,474)
Fixed assets replaced	**79,909**	15,796
Unappropriated surplus, end of year	**475,706**	420,165
Appropriated surplus, beginning of year	**126,202**	92,524
Appropriated for replacement of fixed assets	**48,022**	49,474
Fixed assets replaced	**(79,909)**	(15,796)
Appropriated surplus, end of year	**94,315**	126,202
Balance, end of year	**570,021**	546,367
Surplus, end of year	**2,061,710**	1,993,580

See accompanying schedule and notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1988

	1988 ($)	1987 ($)
Cash provided by (used in) operating activities		
Cash from operations		
Net income for the year:		
Algonquin Forestry Authority	**44,476**	14,870
Forest Management Undertaking	**23,654**	116,186
Add (deduct) charges to operations not requiring a current cash payment:		
Depreciation and amortization	**239,929**	198,495
Gain on sale of fixed assets	**(8,000)**	(7,217)
	300,059	322,334
Net change in non cash working capital balances related to operations	**(228,191)**	210,420
Cash provided by operating activities	**71,868**	532,754
Cash (provided by) used in investing activities		
Proceeds on sale of fixed assets	**(8,000)**	(7,685)
Acquisition of fixed assets	**419,002**	341,369
Cash used in investing activities	**411,002**	333,684
(Decrease) Increase in cash during the year	**(339,134)**	199,070
Cash position, beginning of year	**329,462**	130,392
Cash position, end of year	**(9,672)**	329,462

See accompanying schedule and notes to financial statements.

FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1988

SCHEDULE

	1988 ($)	1987 ($)
Revenue		
Forest management revenue (note 2)	**1,151,603**	987,556
Stand improvement	**407,591**	217,484
Operating reimbursements	**160,000**	159,000
Other	**66,418**	23,700
	1,785,612	1,387,740
Expenditures		
Direct expenditure		
Wages and benefits	**462,763**	350,879
Sub contractors — tree marking and other	**365,483**	117,323
Heavy equipment rental	**261,556**	155,731
Stand improvement	**131,104**	213,880
Paint	**78,722**	59,131
Salt and calcium	**54,377**	53,263
Vehicle costs	**51,538**	40,945
Materials	**31,612**	18,890
Board and provisions	**18,884**	11,742
Vehicle rental	**7,088**	5,904
Planting stock	**—**	348
	1,463,127	1,028,036
Indirect expenditure		
Salaries and benefits	**155,493**	125,660
Staff training	**13,388**	12,700
Radio rentals	**4,144**	4,697
	173,025	143,057
	1,636,152	1,171,093
Operating Income	**149,460**	216,647
Administrative		
Salaries and benefits	**54,329**	52,354
Depreciation (note 3)	**19,593**	7,715
Office expense	**16,907**	8,985
Office rent	**11,461**	8,655
Public Relations	**9,475**	—
Insurance	**9,065**	8,771
Consulting	**3,416**	12,610
Staff travel	**1,560**	1,371
	125,806	100,461
Net income for the year	**23,654**	116,186

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1988

1. Significant Accounting Policies

a) Basis of Accounting.
The financial statements have been prepared in accordance with generally accepted accounting principles.

b) Inventory.
Inventory is stated at the lower of cost and net realizable value.

c) Depreciation and amortization of fixed assets.
Depreciation is provided for on the straight line method, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, buildings and structures, 20 per cent per annum for data processing equipment and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years. Forest Management Undertaking (FMU) assets are depreciated and amortized at the same rates as the assets mentioned above.

d) Deferred charge.
Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 1990 were deferred and are being amortized on a straight line basis over 10 years.

2. Forest Management Undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Funding to conduct these activities is derived from operating reimbursements from the Ministry and from the retention of approximately 90 per cent of the stumpage fees normally remitted to the Ministry. These obligations are covered by an agreement with the Ministry which expires March 31, 2000.

3. Fixed Assets

Fixed assets in service are stated at cost and consist of:

	1988 ($)		1987 ($)	
	Cost	**Accumulated Depreciation and Amortization**	Cost	Accumulated Depreciation and Amortization
Furniture and fixtures	**53,864**	**34,555**	52,295	30,678
Data processing	**83,637**	**49,345**	72,390	34,867
Technical equipment	**58,453**	**17,093**	35,658	13,885
Automotive equipment	**164,959**	**119,302**	145,414	97,682
Buildings and structures	**14,137**	**14,137**	14,137	12,933
Capital roads	**1,365,860**	**649,406**	1,125,078	503,403
Leasehold improvements	**25,951**	**—**	—	—
FMU assets	**95,705**	**10,973**	15,796	1,260
FMU assets funded by grants	**194,394**	**—**	242,689	—
	2,056,960	**894,811**	1,703,457	694,708
FMU capital grants	**(194,394)**		(242,689)	
	1,862,566		1,460,768	
	(894,811)		(694,708)	
	967,755		766,060	

Some of the Authority's fixed assets are used to carry out activities of the (FMU). As a result, depreciation on these and FMU assets of $19,593 (1987 - $7,715) has been charged to FMU operations. No depreciation is taken on FMU assets which were funded by capital grants.

4. Pension Plan

The Authority provides pension benefits for permanent employees through participation in the Public Service Superannuation Fund and Superannuation Adjustment Fund of the Province of Ontario. The Authority's share of contributions to these funds during the year was $49,137 (1987 - $42,448). This contribution is included in salaries and benefits in the Statement of Operations.

5. Commitments

The Authority rents premises under two leases which expire on November 30, 1988 and February 28, 1989. The current annual rent excluding escalation costs, under these leases, is $6,400 and $25,300 respectively.

6. Remuneration of Appointees

Total remuneration of the board members of the Authority was $14,045 during the 1988 fiscal year.

Office of the Provincial Auditor

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20 Dundas St. West
Toronto, Ontario
M5G 2C2
416-974-9866

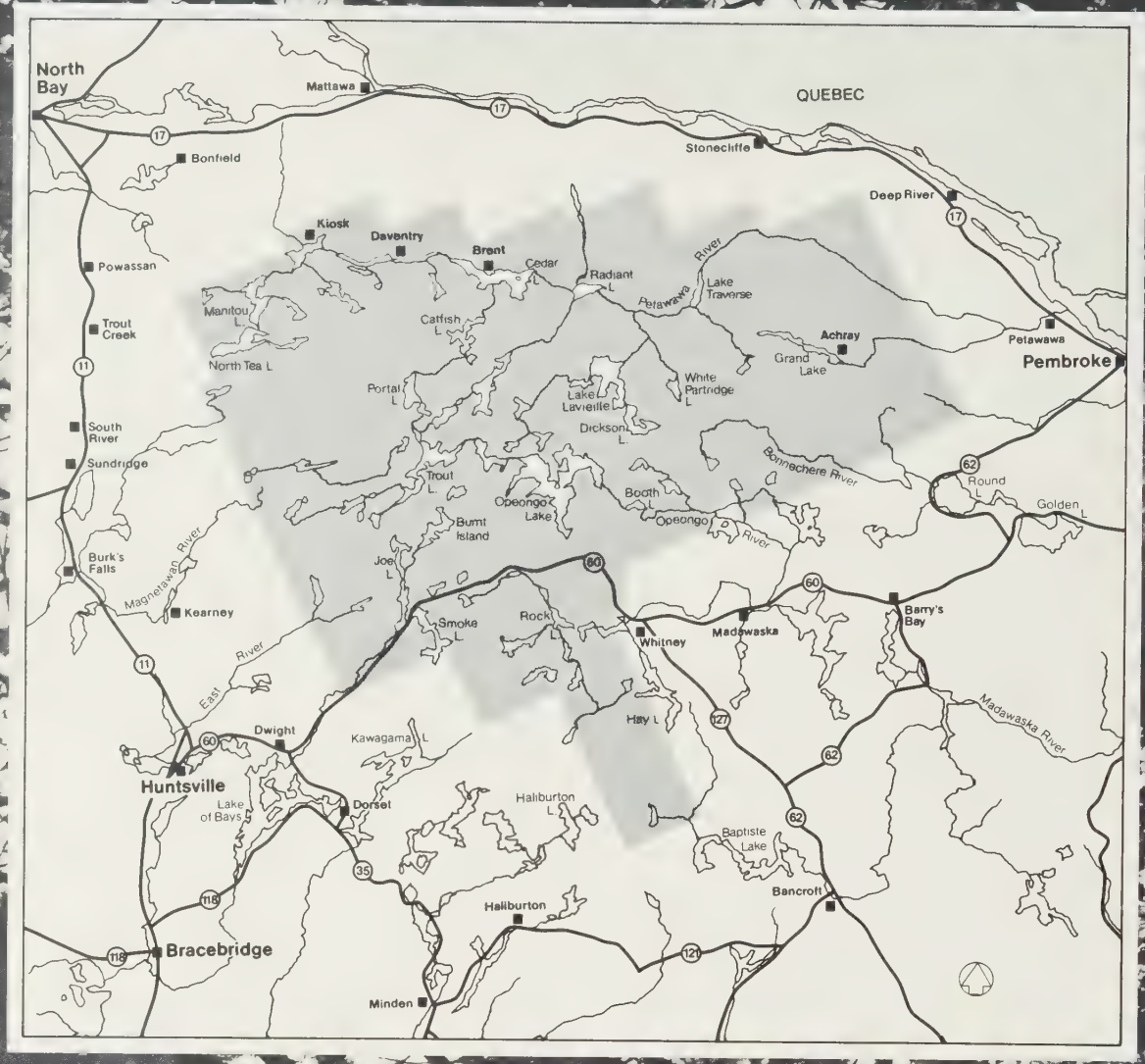
To the Members,
Algonquin Forestry Authority,
and to the
Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1988 and the statements of operations, surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1988 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D.F. Archer, F.C.A.,
Provincial Auditor

Toronto, Ontario,
June 24, 1988.


North Bay
Mattawa
QUEBEC
Stonecliffe
Deep River
Bonfield
Kiosk
Daventry
Brent
Cedar
Radiant L.
Petawawa River
Lake Traverse
Powassan
Manitou L.
Catfish L.
Trout Creek
Achray
Petawawa
Pembroke
Grand Lake
North Tea L.
Portal L.
Lake Lavieille
White Partridge L.
South River
Dickson L.
Sundridge
Trout L.
Bonnechere River
Round L.
Golden L.
Opeongo Lake
Booth L.
Opeongo River
Burnt Island
Joe L.
Burk's Falls
Magnetawan River
Kearney
Smoke L.
Rock L.
Whitney
Madawaska
Barry's Bay
East River
Hay L.
Madawaska River
Dwight
Kawagama L.
Huntsville
Lake of Bays
Dorset
Haliburton L.
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden


North Bay
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Madawaska River
Dwight
Kawagama L
Huntsville
Lake of Bays
Dorset
Haliburton L
Baptiste Lake
Bancroft
Haliburton
Bracebridge
Minden

4. Régime de retraite

L'Agence contribue à un régime de retraite pour ses employés permanents en participant à la Caisse de retraite des fonctionnaires et au Fonds d'indexation des pensions de retraite de la province de l'Ontario. Au cours de l'exercice, la contribution de l'Agenge s'est élevée à 49 137 $ (42 448 $ en 1987). Cette contribution est calculée dans le poste se rapportant aux salaires et avantages de l'état consolidé des résultats d'exploitation.

5. Engagements

L'Agence loue ses locaux en vertu de deux baux dont les dates d'échéance sont le 30 novembre 1988 et le 28 février 1989. Les loyers annuels stipulés par ces baux, excluant les coûts de majoration, sont de 6 400 $ et de 25 300 $ respectivement.

6. Rémunération des administrateurs

La rémunération totale des membres du conseil d'administration de l'Agence s'est élevée à 14 045 $ pendant l'année financière 1988.

Ontario

Bureau du vérificateur de la province

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Toronto, Ontario
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416-974-9866

Aux membres du conseil d'administration
de l'Agence de foresterie du parc Algonquin
et au ministre des Richesses naturelles

J'ai examiné le bilan consolidé de l'Agence de foresterie du parc Algonquin au 31 mars 1988 ainsi que l'état consolidé des résultats d'exploitation, l'état des recettes non réparties et l'état de l'évolution de la situation financière se terminant à cette même date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues et a comporté, par conséquent, les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers reflètent fidèlement la situation financière de l'Agence au 31 mars 1988 ainsi que les résultats de ses opérations et de l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus et ayant été appliqués de la même manière qu'au cours de l'exercice précédent.

Le vérificateur de la province,

D.F. Archer, F.C.A.

Toronto (Ontario)
le 24 juin 1988

Notes afférentes aux états financiers 31 mars 1988

1. Pratiques comptables notables

a) Méthodes comptables
Les états financiers sont préparés selon les méthodes comptables généralement acceptées.

b) Stocks
La valeur des stocks est calculée selon la méthode de la valeur minimale et la valeur de réalisation nette.

c) Dépréciation et amortissement des immobilisations
Le dépréciation est calculée selon la méthode d'amortissement linéaire, et représente généralement un taux de 10 pour 100 par année pour le mobilier, les appareils, l'équipement technique, les immeubles et les structures; 20 pour 100 par année pour l'équipement informatique et 33 1/3 pour 100 par année pour les véhicules automobiles. Le coût de construction des routes est amorti sur le nombre prévu de saisons d'exploitation pendant lesquelles les routes seront utilisées, jusqu'à concurrence d'une période d'amortissement de 10 ans. La dépréciation et l'amortissement de l'actif immobilisé se rapportant aux activités de gestion forestière (AGF) sont calculés au même taux que ceux mentionnés ci-dessus.

d) Frais reportés
Certains frais encourus relativement à l'élaboration d'un plan d'ensemble de gestion forestière au cours de la période du 1er avril 1980 au 31 mars 1990 ont été étalés et sont amortis selon la méthode d'amortissement linéaire sur une période de 10 ans.

2. Activités de gestion forestière
Depuis le 1er avril 1983, l'Agence réalise un certain nombre d'activités de gestion forestière et d'aménagement du territoire qui étaient assumées auparavant par le ministère des Richesses naturelles. Le financement de ces activités provient du remboursement des frais d'exploitation accordé par le ministère et par la conservation d'environ 90 pour 100 des droits de coupe normalement versés au ministère. Ces modalités ont fait l'objet d'une entente avec le ministère et la date d'échéance de cette entente est le 31 mars 2000.

3. Immobilisations — L'actif immobilisé est indiqué au prix coûtant et comporte les éléments suivants:

	1988		1987	
	Prix coûtant $	**Amortissement $**	Prix coûtant $	Amortissement $
Mobilier et appareils	**53 864**	**34 555**	52 295	30 678
Équipement informatique	**83 637**	**49 345**	72 390	34 867
Équipement technique	**58 453**	**17 093**	35 658	13 885
Véhicules automobiles	**164 959**	**119 302**	145 414	97 682
Immeubles et structures	**14 137**	**14 137**	14 137	12 933
Routes	**1 365 860**	**649 406**	1 125 078	503 403
Améliorations locatives	**25 951**	**—**	—	—
Immobilisations des AGF	**95 705**	**10 973**	15 796	1 260
Immobilisations des AGF financées par des subventions	**194 394**	**—**	242 689	—
	2 056 960	**894 811**	1 703 457	694 708
Subventions d'immobilisations des AGF	**(194 394)**		(242 689)	
	1 862 566		1 460 768	
	(894 811)		(694 708)	
	967 755		766 060	

Certaines immobilisations de l'Agence servent à la réalisation des AGF. Ainsi, la dépréciation de ces immobilisations et de celles des AGF s'élevant à 19 593$ (7 715$ en 1987) ont été comptabilisées par rapport à l'exploitation des AGF. Aucune dépréciation n'est calculée sur les immobilisations des AGF qui ont été financées par des subventions d'immobilisations.

Activités de gestion forestière pendant l'exercice se terminant au 31 mars 1988

ANNEXE

	1988 ($)	1987 ($)
Recettes		
Recettes de la gestion forestière (voir note 2)	**1 151 603**	987 556
Amélioration des peuplements	**407 591**	217 484
Remboursement de frais d'exploitation	**160 000**	159 000
Autres	**66 418**	23 700
	1 785 612	1 387 740
Dépenses		
Dépenses directes		
Salaires et avantages sociaux	**462 763**	350 879
Sous-traitants - marquage des arbres et autres	**365 483**	117 323
Location de matériel lourd	**261 556**	155 731
Amélioration des peuplements	**131 104**	213 880
Peinture	**78 722**	59 131
Sel et calcium	**54 377**	53 263
Frais de véhicules	**51 538**	40 945
Matériaux	**31 612**	18 890
Conseil d'administration et réserve	**18 884**	11 742
Location de véhicules	**7 088**	5 904
Stock de plantation	**—**	348
	1 463 127	1 028 036
Dépenses indirectes		
Salaires et avantages sociaux	**155 493**	125 660
Formation du personnel	**13 388**	12 700
Location d'equipement de communication	**4 144**	4 697
	173 025	143 057
	1 636 152	1 171 093
Recettes d'exploitation	**149 460**	216 647
Administration		
Salaires et avantages sociaux	**54 329**	52 354
Dépréciation (voir note 3)	**19 593**	7 715
Frais de bureau	**16 907**	8 985
Loyer	**11 461**	8 655
Relations publiques	**9 475**	—
Assurances	**9 065**	8 771
Frais de consultation	**3 416**	12 610
Frais de déplacement du personnel	**1 560**	1 371
	125 806	100 461
Bénéfices nets de l'exercice	**23 654**	116 186

Voir l'annexe et les notes afférentes aux états financiers.

État de l'évolution de la situation financière pour l'exercice se terminant au 31 mars 1988

	1988 ($)	1987 ($)
Encaissements (et décaissements) relatifs à l'exploitation		
Encaissements provenant de l'exploitation		
Bénéfices nets de l'exercice		
Agence de foresterie du parc Algonquin	**44 476**	14 870
Activités de gestion forestière	**23 654**	116 186
Plus (moins) les frais d'exploitation n'exigeant pas un paiement en espèces pendant l'exercice		
- dépréciation et amortissement	**239 929**	198 495
- profits sur les ventes ou les immobilisations	**(8 000)**	(7 217)
	300 059	322 334
Évolution nette du solde du fonds de roulement hors caisse relatif à l'exploitation	**(228 191)**	210 420
Encaissements provenant de l'exploitation	**71 868**	532 754
Décaissements et (encaissements) relatifs aux investissements		
Produit de la vente d'immobilisations	**(8 000)**	(7 685)
Acquisition d'immobilisations	**419 002**	341 369
Décaissements relatifs aux investissements	**411 002**	333 684
(Diminution) augmentation de l'encaisse pendant l'exercice	**(339 134)**	199 070
Situation de trésorerie au début de l'exercice	**329 462**	130 392
Situation de trésorerie à la fin de l'exercice	**(9 672)**	329 462

Voir l'annexe et les notes afférentes aux états financiers.

État des recettes non réparties pour l'exercice se terminant au 31 mars 1988

	1988 ($)	1987 ($)
Agence de foresterie du parc Algonquin		
Excédent au début de l'exercice	**1 447 213**	1 432 343
Bénéfices nets de l'exercice	**44 476**	14 870
Solde à la fin de l'exercice	**1 491 689**	1 447 213
Activités de gestion forestière (voir note 2)		
Excédent non réparti au début de l'exercice	**420 165**	337 657
Bénéfices nets de l'exercice	**23 654**	116 186
Fonds affectés au remplacement des immobilisations	**(48 022)**	(49 474)
Immobilisations remplacées	**79 909**	15 796
Excédent non réparti à la fin de l'exercice	**475 706**	420 165
Excédent affecté au début de l'exercice	**126 202**	92 524
Fonds affectés au remplacement des immobilisations	**48 022**	49 474
Immobilisations remplacées	**(79 909)**	(15 796)
Excédent affecté à la fin de l'exercice	**94 315**	126 202
Solde à la fin de l'exercice	**570 021**	546 367
Excédent à la fin de l'exercice	**2 061 710**	1 993 580

Voir l'annexe et les notes afférentes aux états financiers.

État consolidé des résultats d'exploitation pour l'exercice se terminant au 31 mars 1988

	1988 ($)	1987 ($)
Recettes		
Vente de produits	**8 672 850**	8 335 685
Vente de matériel sur pied	**903 805**	718 175
Auters	**29 721**	214 241
	9 606 376	9 268 101
Dépenses		
Frais d'exploitation		
Frais de coupe et de distribution	**7 128 297**	6 852 686
Droits de coupe du bois de la Couronne	**1 253 629**	1 089 219
Planification de l'exploitation	**63 328**	66 081
Entretien des routes	**37 419**	209 951
Frais régionaux	**13 942**	15 477
	8 496 615	8 233 414
Recettes d'exploitation	**1 109 761**	1 034 687
Frais administratifs, frais généraux et autres		
Salaires et avantages sociaux	**627 475**	617 388
Dépréciation et amortissement	**220 336**	190 780
Fournitures et frais de bureau	**71 272**	73 306
Indemnités et frais des administrateurs	**35 271**	30 382
Intérêts débiteurs	**34 075**	18 247
Loyer	**21 522**	22 343
Relations publiques	**14 779**	4 768
Assurances	**11 615**	11 002
Frais de déplacement du personnel	**10 863**	13 227
Formation du personnel	**10 578**	13 591
Frais de consultation	**5 302**	15 331
Perte sur créances	**1 353**	8 792
Frais juridiques	**844**	660
	1 065 285	1 019 817
Bénéfices nets de l'exercice	**44 476**	14 870
Bénéfices nets de l'exercice — Activités de gestion forestière (Annexe)	**23 654**	116 186

Voir l'annexe et les notes afférentes aux états financiers.

Bilan de l'exercice se terminant au 31 mars 1988

Actif

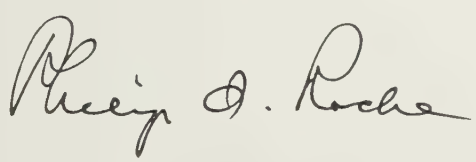
	1988 ($)	1987 ($)
Actif à court terme		
Encaisse	—	329 462
Comptes-clients	**1 457 682**	1 124 499
Stocks	**246 512**	139 140
Frais payés à l'avance	**2 349**	454
	1 706 543	1 593 555
Immobilisations (voir note 3)	**967 755**	766 060
Frais reportés	**45 243**	67 865
	2 719 541	2 427 480

Passif et excédent

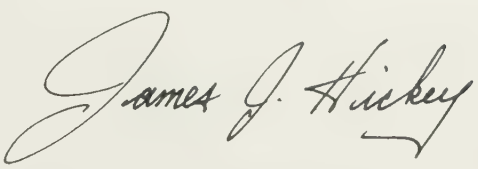
Passif à court terme		
Découvert bancaire	**9 672**	—
Comptes-fournisseurs et charges à payer	**409 766**	354 131
Retenues de garantie des entrepreneurs	**88 393**	79 769
Emprunt à terme, Province de l'Ontario	**150 000**	—
	657 831	433 900
Excédent	**2 061 710**	1 993 580
	2 719 541	2 427 480

Voir l'annexe et les notes afférentes aux états financiers.

Au nom du conseil d'adminstration :



Administrateur



Administrateur



PERSONNEL



Le nombre d'employés permanents s'est maintenu à 21 personnes, tandis que le nombre d'employés saisonniers a atteint 35 personnes entre les mois de mai et décembre. Des entrepreneurs en sylviculture ont été embauchés pour réaliser une partie du programme de marquage des arbres, de même que plusieurs projets d'amélioration des peuplements et de soins culturaux.

Après des consultations auprès du personnel, du conseil d'administration et autres, un plan de réorganisation du personnel a été élaboré. Ce plan entrera en vigueur au cours de l'exercice 1988-1989.

Ces changements visent à accentuer les activités de gestion forestière et de planification, à renforcer les activités de récolte et à être en mesure de faire face aux nombreux défis qui devront être relevés au cours des années à venir.

RELATIONS PUBLIQUES

Le projet le plus important réalisé dans ce domaine au cours de l'année a été le film intitulé «Algonquin's Forest — Maintaining the Balance». Ce film de 15 minutes, aussi disponible sur cassette vidéo, est une réalisation conjointe de l'Agence et du ministère des Richesses naturelles. Ce film donne un aperçu de la façon dont les activités de loisirs et de gestion forestière sont intégrées.

Des visites guidées ont été organisées pour des groupes s'intéressant à la gestion forestière et aux activités de récolte. Des conférences ont également été données par un certain nombre d'employés.

Enfin, il est à noter que ce rapport annuel est présenté pour la première fois en français et en anglais.

PRÉVISIONS

On prévoit une production de 423 385 m^3, ce qui représente une légère diminution par rapport à la production réelle réalisée au cours de l'exercice 1987-1988. On s'attend à ce que les marchés soient vigoureux au moins jusqu'à l'automne ou au début de l'hiver, après quoi ils devraient se résorber.

Le programme de gestion forestière se poursuivra au même rythme que pendant les deux dernières années et l'accent portera sur l'amélioration des peuplements de feuillus, les soins culturaux des peuplements de pins en régénération et la planification de la période 1990-1995.



GESTION FORESTIÈRE



En plus du programme de marquage des arbres qui a été réalisé sur une superficie de 13 600 ha, le plus important programme sylvicole jamais entrepris a été complété au cours de l'année. Des travaux d'amélioration des peuplements de feuillus tolérants ont été effectués sur une superficie de 4 600 ha, dont 3 000 ha ont été traités au moment de la récolte. Les autres travaux ont été réalisés par des entrepreneurs en sylviculture.

Les soins culturaux dans les peuplements de pins ont été effectués sur une superficie de 300 ha. Ce genre de travaux augmentera au cours de l'exercice 1988-1989 et continuera de s'accroître pendant les années à venir.

On a procédé à l'aménagement de 21 parcelles de régénération dans le but de surveiller la régénération des peuplements résiduels de feuillus tolérants et de pins. Ces parcelles sont analysées à tous les cinq ans.

L'évaluation des peuplements en croissance libre et du matérial sur pied a été réalisée sur les terres dénudées et dans les secteurs où la récolte a été effectuée en 1979-1980 et 1980-1981. Sur une superficie totale de 22 300 ha, 15 500 ha n'avaient pas besoin d'être traités, 2 800 ha feront l'objet d'une surveillance au cours des prochaines années et 4 000 ha seront traités de diverses façons. Des essais ont été effectués à l'aide d'un scarificateur «Leno» et de scies à broussailles dans le but d'enlever la végétation indésirable dans les peuplements de pins en régénération.

La population de spongieuses a chuté de façon importante et ne semble pas poser de problèmes pour l'instant. Les prévisions indiquent qu'une infestation importante de la livrée d'Amérique se produira au cours de l'année 1988-1989.

Des projets de remise en valeur ont été réalisés à plusieurs endroits où des routes temporaires traversent des portages ou des sentiers. Des arbres ont été plantés autour de trois carrières de gravier et un site d'emprunt de terre.

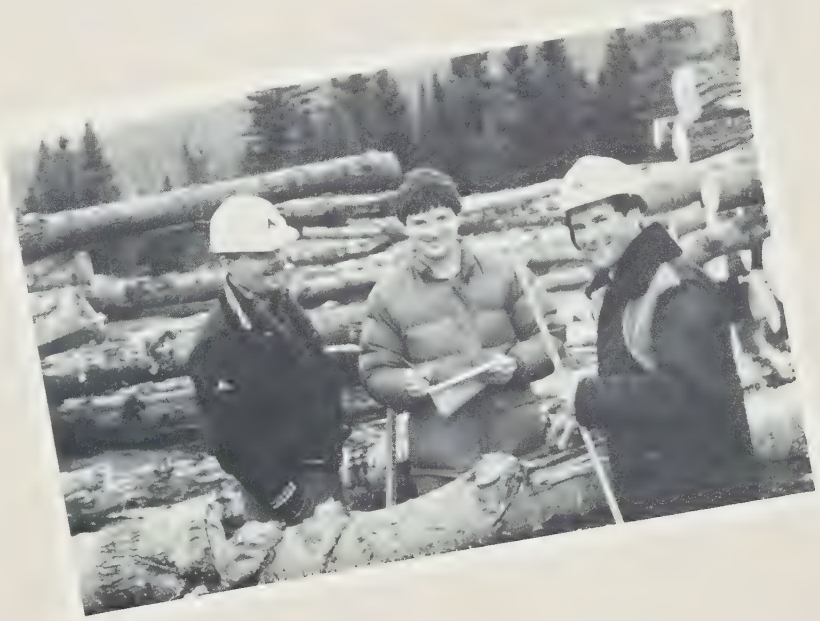
ENTRETIEN ET CONSTRUCTION DE ROUTES

Des travaux de nivellement, de réduction de la poussière, de contrôle des broussailles et de réparation des canaux d'irrigation ont été réalisés sur 197 km de routes publiques. Le déneigement et l'épandage de sable sur la route Lake Traverse ont aussi été effectués. Cinq petits ponts ont été remplacés ou réparés et de nouveaux ponceaux ont été aménagés à plusieurs endroits.

Les principaux travaux de construction de routes se sont rapportés à la réfection des routes qui se sont détériorées d'année en année.

Les fossés longeant la route Rock Lake ont été creusés de nouveau, des ponceaux ont été aménagés et du gravier de catégorie «A» a été épandu sur une distance de 7 km.

Un nouveau garage servant à abriter l'équipement d'entretien routier a été construit pour remplacer l'ancien garage qui a été démonté.



RÉPARTITION DES PRODUITS (MÈTRES CUBES)

Produits	Récolte annuelle potentielle	Allocation annuelle	Surplus disponible	Récolte totale 1987-1988	Total 1986-1987
Billes de placage de feuillus	10 732	12 740	—	7 702	7 304
Billes de sciage de feuillus	121 144	121 645	—	103 064	88 434
Billes de sciage de pruche	73 883	47 350	26 533	44 508	43 234
Billes de sciage de pin	68 000	68 000	—	71 667	64 839
Billes de sciage d'épinette et de sapin baumier	12 000	12 000	—	20 350	20 839
Billes d'éclisses de peuplier	4 620	4 620	—	5 553	4 232
Poteaux de pin rouge	6 370	6 370	—	6 726	7 766
Bois de pâte, bois d'éclisses et bois de chauffage	313 651	155 270	158 381	165 938	167 455
TOTAL	**610 400**	**427 995**	**184 914**	**425 508**	**404 103**

VENTES

Au cours de l'année, les marchés les plus actifs ont été ceux du bois de pâte et des billes de sciage de feuillus. Comme d'habitude, la demande pour le pin a été soutenue. Les essences pour lesquelles les marchés continuent d'être faibles et difficiles sont le peuplier, la pruche et les feuillus de qualité inférieure. Il existe toujours une certaine demande pour ces produits, mais à un prix qui ne couvre pas nécessairement les coûts de production. Cette situation s'applique en particulier au peuplier que l'on retrouve en grande quantité, posant ainsi des problèmes de commercialisation plus importants.

Le cubage de feuillus vendus sous forme de bois de chauffage a atteint 18 464 m^3, une diminution par rapport aux 25 392 m^3 vendus au cours de l'exercice précédent. Cette situation est principalement attribuable à la forte demande qui a prévalu pour le bois de pâte.

EXPLOITATION, PLANIFICATION ET CONTRÔLE

Le travail relatif à la réalisation des sondages forestiers pour la période 1990-1995 s'est poursuivi. Une superficie de 22 300 ha a été analysée et les renseignements recueillis au sujet des essences présentes, de l'état des peuplements et du cubage ont été inscrits à la banque de données. Ce travail devra se poursuivre pendant une autre saison (1988-1989) afin de compléter ces sondages. Le processus de planification détaillée de la période d'exploitation 1990-1995 sera entrepris en 1988-1989.

Le rapport annuel se rapportant à la récolte indique que celle-ci a été effectuée sur une superficie de 14 372 ha au cours de l'exercise 1986-1987. La récolte a produit un cubage moyen de 34,4 m^3 par hectare, ce qui comprend le cubage des inventaires en fin d'exercice.

Après avoir été étudié et amendé, le plan de travail annuel a été approuvé par le ministère des Richesses naturelles.

RÉSULTATS D'EXPLOITATION



Les marchés vigoureux et l'augmentation du cubage ont contribué à accroître de 4 pour 100 les ventes de produits, qui se sont élevées à 8 675 850 $, et de 26 pour 100 les ventes de matériel sur pied, qui se sont élevées à 903 805 $.

Les autres revenus ont connu une diminution et se sont élevés à 29 721 $. Au cours de l'exercice 1986-1987, l'Agence a réalisé des revenus en agissant comme gestionnaire de la construction de routes à l'extérieur du parc. Aucun projet semblable n'a été réalisé pendant l'exercice 1987-1988.

Les bénéfices nets de l'Agence se sont élevés à 44 476 $ au cours de l'exercice 1987-1988, comparativement à 14 870 $ pour l'exercice 1986-1987.

Les revenus provenant des activités de gestion forestière se rapportent directement à l'exploitation forestière et ont connu une hausse de 17 pour 100, s'élevant à 1 151 603 $. Les contrats relatifs à l'amélioration des peuplements et aux activités sylvicoles se sont accrus de 87 pour 100 pour atteindre 407 591 $.

Les recettes totales provenant des activités de gestion forestière ont augmenté de 29 pour 100 et tous les objectifs ont été atteints. Les bénéfices nets réservés à la réalisation de projets sylvicoles éventuels s'élèvent à 23 654 $.

SITUATION FINANCIÈRE

Le climat favorable a permis de poursuivre la production jusqu'au 31 mars 1988. Le maintien des activités jusqu'à cette date a contribué à ce que les comptes-clients, les comptes-fournisseurs et les emprunts à terme soient plus élevés que ceux de l'exercice précédent.

Les immobilisations se sont accrues de 201 695 $, ce qui reflète la construction de nouvelles routes et un déboursé initial de 86 000 $ pour l'achat d'un système de communication radiophonique.

EXPLOITATION FORESTIÈRE

Le cubage total de produits forestiers livrés au cours de l'exercice s'est élevé à 425 508 m^3, soit une hausse de 5 pour 100 par rapport à l'exercice 1986-1987. La production de billes de sciage de pin a été de 10 pour 100 supérieure à celle de l'année précédente, tandis que celle de billes de sciage de feuillus s'est accrue de 16 pour 100 et celle de billes de sciage de bois d'éclisses s'est accrue de 31 pour 100. La production de billes de placage, de pruche, d'épinette et de sapin baumier, de bois de pâte, de bois de chauffage et de rondins était très près des niveaux de cubage atteints pendant l'exercice précédent. La production de poteaux a connu une diminution de 13 pour 100.

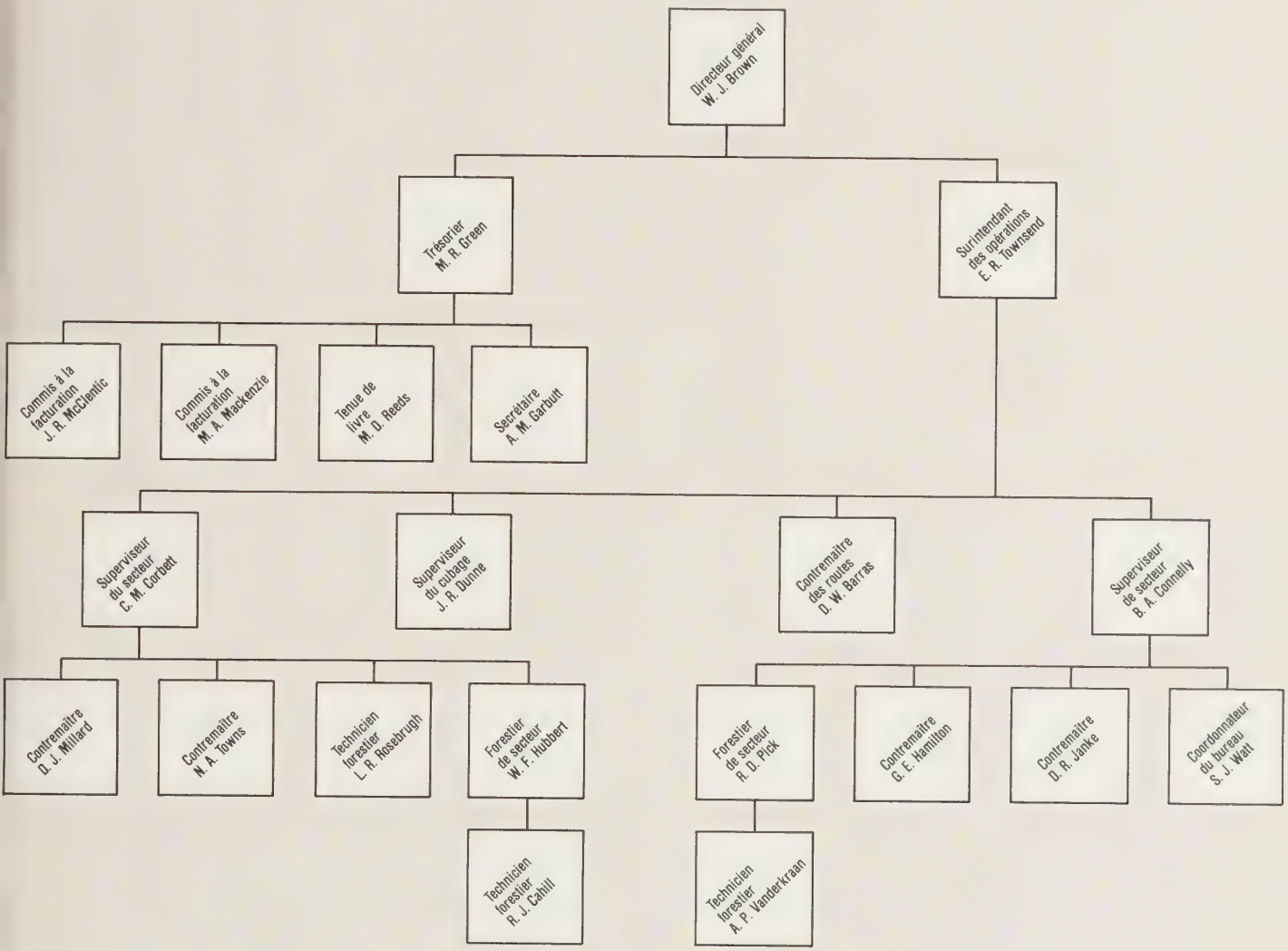
La proportion du cubage total produite selon la méthode d'exploitation par fûts entiers s'est accrue de 43 pour 100 au cours de l'exercice.

Le climat favorable a permis de poursuivre les activités d'exploitation forestière jusqu'à la fin du mois de mars, ce qui a grandement contribué à atteindre les objectifs fixés.

L'entrepreneur qui a connu la meilleure année du point de vue de la sécurité a été la compagnie Meilleurs Bay Forest Products Ltd.



AGENCE DE FORESTERIE DU PARC ALGONQUIN
ORGANIGRAMME





Conseil d'administration 1987-1988

INTRODUCTION



L'exploitation forestière a commencé vers 1840 sur le territoire qui allait devenir plus tard celui du parc Algonquin. Depuis la création du parc, en 1893, l'exploitation forestière a continué d'être un des nombreux aspects de l'utilisation du parc jusqu'à nos jours.

Le gouvernement de l'Ontario a créé l'Agence de foresterie du parc Algonquin le 4 janvier 1975, dans le but de répondre aux préoccupations du public quant aux meilleurs moyens possibles d'assurer une utilisation multiple du parc provincial Algonquin.

L'Agence conduit ses activités conformément au plan directeur du parc provincial Algonquin et au plan de gestion forestière du parc provincial Algonquin, tout en appliquant avec succès les principes de la gestion intégrée des ressources. L'intérêt du public à l'égard de la qualité du parc comme lieu de loisirs doit être réconcilié avec la nécessité d'assurer un approvisionnement adéquat aux usines de conversion du bois qui dépendent du bois que l'on trouve dans le parc (1).

Les industries forestières qui s'approvisionnent dans le parc Algonquin comprennent dix scieries, trois usines de placage, une usine de fabrication de poteaux, une usine de pâte et une usine de fabrication d'éclisses d'alumettes. Ces industries dépendent toutes, entièrement ou partiellement, de cette source vitale de matières premières. L'exploitation forestière du parc Algonquin et les activités manufacturières qui en découlent ont apporté une contribution directe de 56,5 millions de dollars à l'économie de l'Ontario, selon la valeur ajoutée calculée en 1985 (2).

BUT ET OBJECTIFS

Le but de la gestion forestière dans le parc Algonquin est le suivant:

Assurer un approvisionnement continu de produits forestiers à l'industrie forestière de la région, tout en veillant à ce que cette activité soit harmonisée avec les autres utilisations.

Afin d'atteindre ce but, les objectifs suivants ont été établis:

1. Gérer et améliorer la qualité de la forêt de façon à répondre aux besoins à long terme de l'industrie locale.
2. Assurer une utilisation efficace de la variété de produits provenant de la forêt.
3. Maintenir un couvert forestier qui favorisera la régénération et l'apparence de la forêt, de même que la préservation des diverses essences de végétation.
4. Préserver et protéger l'utilisation de la forêt aux fins de loisirs, l'habitat des poissons et de la faune, ainsi que les ressources terrestres et aquatiques.

STRATÉGIES

L'Agence atteint les deux premiers objectifs par le biais d'ententes avec des exploitants forestiers et les propriétaires d'usines de conversion du bois dans le but d'assurer la production et la livraison de produits forestiers aux 16 usines qui dépendent de cette source d'approvisionnement. L'intégration des activités d'exploitation forestière assure la production de produits forestiers diversifiés. Des méthodes dynamiques de commercialisation sont utilisées pour disposer des surplus de produits de qualité inférieure.

Les deux autres objectifs sont atteints grâce à une planification minutieuse et à une mise en oeuvre contrôlée conformément aux normes établies. Les méthodes sylvicoles prescrites prévoient divers degrés de coupe partielle dans le principal groupe forestier. Les peuplements résiduels fourniront d'autres récoltes et assurent la production de semences favorisant la régénération naturelle. Les effets de l'exploitation forestière sont atténués grâce à l'aménagement de zones tampons sur les rives des lacs et des cours d'eau et dans d'autres secteurs plus vulnérables. Les routes sont aménagées et construites de façon à faciliter la remise en valeur naturelle ou artificielle des sentiers et des ruisseaux qu'elles traversent.

1) Plan de gestion forestière du parc provincial Algonquin, Agence de foresterie du parc Algonquin, 1980
2) Statistique Canada



CONSEIL D'ADMINISTRATION

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Phyllis Wall, North Bay

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Directeur général, W.J. Brown, R.P.F.
Secrétaire-trésorier, M.R. Green, B.A., C.A., C.M.A.

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AVANT-PROPOS DU PRÉSIDENT

Le conseil d'administration est heureux de signaler que l'Agence de foresterie du parc Algonquin a connu une autre année fructueuse. Le plus important programme d'amélioration des forêts que nous avons entrepris a été complété au cours de l'année. Ce programme comprenait l'amélioration des peuplements de feuillus tolérants, l'éclaircissement des peuplements servant à produire des poteaux, de même que des soins culturaux visant à favoriser la régénération des peuplements de pins. Le programme de marquage des arbres est un élément indispensable à la réussite des méthodes sylvicoles utilisées. Au cours de la saison, le marquage a été effectué sur 13 600 ha. Les arbres ont été marqués selon la méthode de jardinage sur une superficie de 10 400 ha, selon le mode de régénération par coupes progressives uniformes sur une superficie de 2 800 ha et en vue de la récolte finale dans les peuplements de feuillus tolérants sur une superficie de 400 ha.

Le conseil d'administration a eu l'occasion de visiter les secteurs de feuillus et de pins tolérants dans lesquels ces méthodes de gestion sont appliquées depuis plus d'une décennie. Nous avons été impressionnés par la qualité du peuplement principal, par les progrès de la régénération et par la croissance qui en découle.

Les arbres marqués ont été récoltés dans les secteurs désignés et 425 500 m^3 de bois ont été livrés aux 16 usines de conversion du bois situées en périphérie du parc.

Au cours de l'année, le conseil d'administration a tenu des réunions à Huntsville, Barry's Bay, au parc Algonquin, Whitney, Pembroke et Toronto. Des comités spéciaux se sont réunis à trois occasions pour discuter du budget, du personnel et des projets spéciaux.

Un film intitulé «Algonquin's Forest — Maintaining the Balance» a été réalisé pendant l'année. Des projections de ce film seront organisées cet été à l'intention des visiteurs. Il est aussi présenté aux membres des clubs de services ansi que dans les écoles.

Une réorganisation du personnel a été approuvée au cours de l'année et celle-ci entrera en vigueur au début de la saison 1988-1989. Le conseil d'administration a également approuvé l'achat d'un nouveau système de communication radiophonique qui sera utilisé à compter de l'été 1988.

MM. Frank Parrot, de Huntsville, et Ken Wilson, de Boulter, ont complété leur mandat de six ans comme membres du conseil d'administration. Le conseil tient à les remercier chaleureusement pour les services et les conseils qu'ils ont fournis pendant ces nombreuses années.

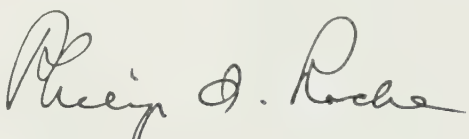
Le conseil d'administration souhaite la bienvenue à M^{mes} Anne Mundy, de Huntsville, et Patricia Stamp, de Callander, en tant que nouveaux membres du conseil et sait qu'il pourra compter sur leur aide et leurs conseils.

L'industrie forestière de la région a connu une bonne année. Celle-ci a été particulièrement fructueuse dans les secteurs du bois de feuillus et du bois de pâte en raison de la vigueur des marchés. La nouvelle usine de panneaux de particules qui a été aménagée dans la région de Bancroft offrira un marché supplémentaire pour les résidus des scieries.

Le conseil d'administration et le personnel de l'Agence de foresterie du parc Algonquin sont reconnaissants de l'aide et de la collaboration qu'ils ont reçues de plusieurs personnes et de nombreux organismes, y compris des entrepreneurs et de leurs employés, des compagnies clientes, de même que du ministère des Richesses naturelles.

La saison 1988-1989 promet d'être très active puisque la demande à l'égard des produits forestiers est soutenue et que l'on prévoit entreprendre un programme important de gestion et d'amélioration des forêts. Nous sommes confiants d'être en mesure de relever les défis et de profiter des situations qui ne manqueront pas de se présenter.

Le président du conseil d'administration,



P.I. Roche

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Ministère des
Richesses
naturelles

Ontario

À L'ATTENTION DE SON HONNEUR
le lieutenant-gouverneur de la
province de l'Ontario

VOTRE HONNEUR,

J'ai le plaisir de vous soumettre le rapport annuel de l'Agence de foresterie du parc Algonquin pour l'année financière allant du 1er avril 1987 au 31 mars 1988.

Le ministre,

VINCENT G. KERRIO

Agence de
foresterie du
parc Algonquin

L'honorable Vincent G. Kerrio
Ministre des Richesses naturelles

Monsieur le Ministre,
J'ai l'honneur de vous soumettre le rapport annuel de l'Agence de foresterie du parc Algonquin pour l'année financière allant du 1er avril 1987 au 31 mars 1988.

Le président du conseil d'administration,

P.I. Roche



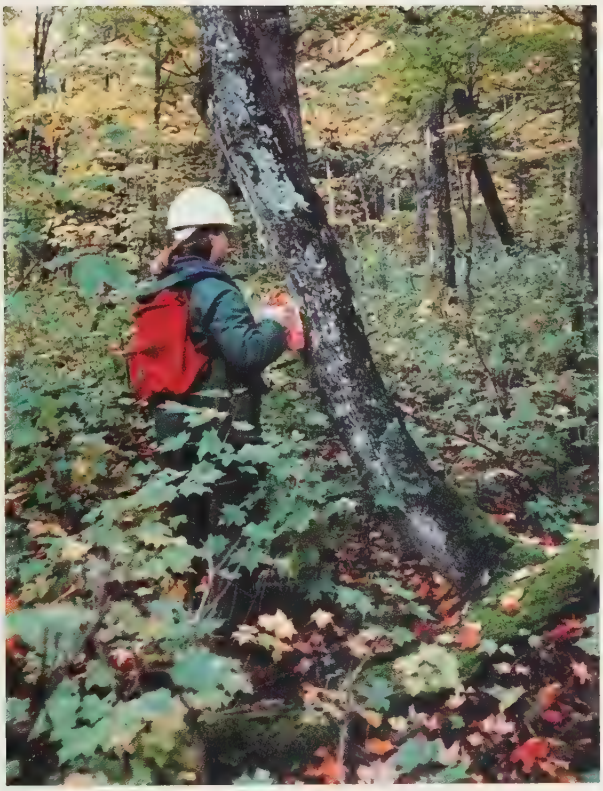
AGENCE DE FORESTERIE DU PARC ALGONQUIN

Treizième rapport annuel 1987-1988

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The Algonquin Forestry Authority

Fourteenth Annual Report 1988 - 1989

Ministry of
Natural
Resources

Ontario

TO HIS HONOUR
The Lieutenant-Governor
of the Province of Ontario

MAY IT PLEASE YOUR HONOUR

The undersigned begs respectfully to present your Honour the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1988 and ending March 31, 1989.

LYN McLEOD
Minister

Algonquin
Forestry
Authority

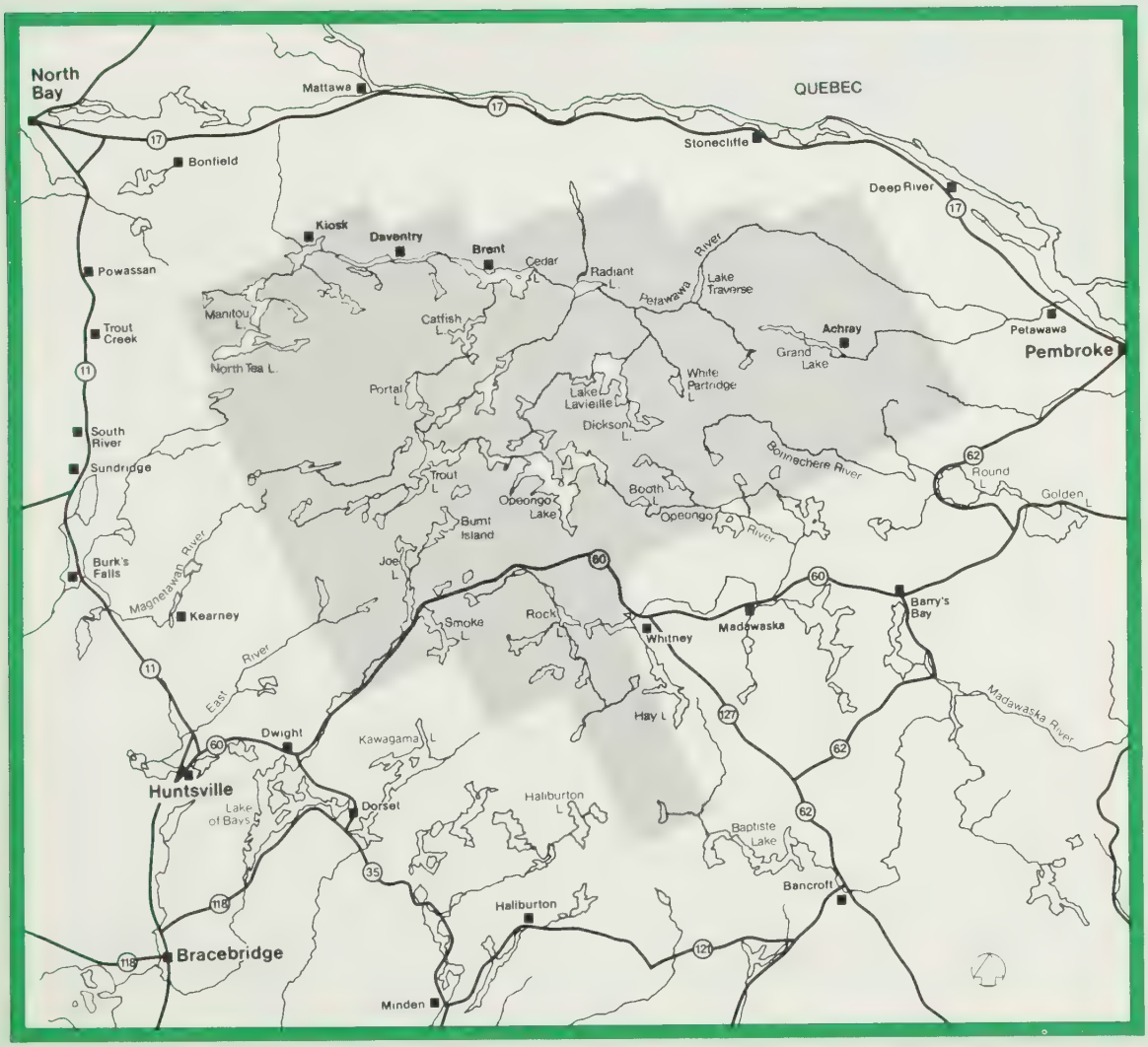
Honourable Lyn McLeod
Minister of Natural Resources

Honourable Madam:
I have the honour to submit to you the Annual Report of the Algonquin Forestry Authority for the year beginning April 1, 1988 and ending March 31, 1989.

P.I. Roche
Chairman

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CHAIRMAN'S FOREWORD

During the year the Board was very pleased to have the opportunity to show forestry practices in Algonquin Park to several important people and groups.

In June, then Minister of Natural Resources, the Honourable Vincent Kerrio, met with the AFA Board, and viewed forestry activities from the air. In August, the Provincial Parks Council met with the Chairman and the General Manager for discussions, and viewed several aspects of forestry both from the air and on the ground. In November, Michael Jeffrey, Elie Martel, and Anne Koven of the Environmental Assessment Board included Algonquin Park on their site visit itinerary. This Board was accompanied by representatives of several groups involved in the hearings on Timber Management at Thunder Bay.

The level of forest improvement was maintained at the high level established last year. Areas were prepared for the planting of 250,000 trees in the 89-90 season, 400 hectares of pine regeneration was manually cleaned, and 3,400 hectares of tolerant hardwood area was cleaned and thinned. The tree marking program designated harvest and residual trees on over 14,000 hectares.

An unusually violent hailstorm affected an area of 400 hectares in Master Township in 1987. To our surprise, the damage to pine trees was such that dieback and even mortality was evident by the summer of 1988. A salvage operation was undertaken to recover as much as possible before insects and fungus destroyed the material.

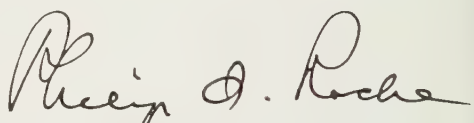
In May, the General Manager made a presentation to the Workers' Compensation Board Logging Industry Inquiry. This presentation identified some particular problems faced by the logging industry in the region and proposed some changes.

The Timber Management Planning process for the period 1990-95 began in June of 1988. This comprehensive planning process will take almost two years to complete and will include several opportunities in 1989 for interested parties to review and comment on the proposed plan.

The Board met six times during the year at Huntsville, the Petawawa National Forestry institute, North Bay, Pembroke (2) and Toronto. Director Owen Smith tendered his resignation during the year due to the pressures of business and other commitments. The Board extends its thanks to Mr. Smith for his participation and interest in the Algonquin Forestry Authority.

As the 1988-89 season ended, difficulties for the sawmilling sector were evident, and the prospects of a recession in 1989-90 were real. We anticipate a difficult year for the industry in 1989-90.

As the Timber Management Plan process moves into its later stages, the Algonquin Park Master Plan Review will begin in August of 1989. It will be a very active and challenging year as we head into the decade of the 1990's.



P.I. Roche
Chairman

BOARD OF DIRECTORS

Chairman:
P.I. Roche, Whitney

Vice-Chairman:
J.J. Hickey, Chalk River

Directors:
John Flavelle, Pembroke
Michael Galligan, Almonte
John Macfie, Parry Sound
Anne Mundy, Huntsville
Geoffrey C. Post, Barry's Bay
Mary Louise Rainville, Mattawa
Patricia Stamp, Callander
Phyllis Wall, North Bay

OFFICERS

General Manager, W.J. Brown, R.P.F.
Secretary-Treasurer, Tim Doyle, C.A.

OFFICES

The Algonquin Forestry Authority
P.O. Box 1198
Huntsville, Ontario
P0A 1K0

Telephone: (705) 789-9647
Facsimile: (705) 789-3353

The Algonquin Forestry Authority
84-6 Isabella St.
Pembroke, Ontario
K8A 5S5

Telephone: (613) 735-0173
Facsimile: (613) 735-4192



1988-89 Board of Directors

INTRODUCTION

Logging originated around 1840 in the area which subsequently became Algonquin Park. Logging, one of the multiple uses to which the Park was dedicated in 1893, has continued to the present.

The Ontario Government established the Algonquin Forestry Authority on January 4, 1975, in response to public concern for the most beneficial means of maintaining a multiple-use approach in Algonquin Provincial Park.

The Authority operates in conformity with the Algonquin Provincial Park Master Plan and the Forest Management Plan for Algonquin Provincial Park, successfully applying the principles of integrated resource management. The public interest in the quality of the Park for recreation is balanced with the need to maintain an adequate supply of logs to mills dependent on Park timber (1).

The forest industry supplied by Algonquin Park timber comprises ten sawmills, three veneer mills, one pole plant, one pulp mill and one match splint mill which are wholly or partly dependent on this vital source of raw material. Direct contribution by Algonquin logging and primary manufacturing to the Ontario economy was $56.5 millions in terms of 1985 value added (2).

GOALS AND OBJECTIVES

The goal of forest management in Algonquin Park is:

To produce a continuous supply of forest products to the forest industry of the region in harmony with other uses and in a way that preserves other values.

To accomplish this goal, the following objectives have been established:

1. To manage and upgrade the quality of the forest to insure the long term needs of local industry.
2. To effectively utilize the range of products that the forest will yield.
3. To maintain a forest cover which satisfies the requirements of regeneration, asthetics and preservation of the diverse vegetation types.
4. To preserve and protect recreational values, fish and wildlife habitat, soil and water resources.

STRATEGIES

The Authority meets the first two objectives by contracting with local loggers and with mill operators for production and delivery of forest products to the seventeen dependent mills. Logging operations are fully integrated to generate a variety of forest products. Aggressive marketing practices are used in disposing of surplus low grade products.

The second two objectives are met by sound planning and controlled implementation within regulated standards. Silviculture prescriptions specify various degrees of partial cutting in the principal working groups. Residual stands will provide subsequent harvests and seed for natural regeneration. Logging impact is minimized by buffer zones along lakeshores, watercourses and other sensitive features. Road location and construction are done discreetly to facilitate natural and assisted rehabilitation of trail and stream crossings after use.

RESULTS OF OPERATIONS

Product sales increased 12.7% to $9,771,348 and standing timber sales declined by 10.1% to $812,415 on a total volume down marginally (2.5%) from 1987-88.

Other revenue increased to $50,205 due to interest income and the disposal of fixed assets.

Net income to the AFA increased to $272,302 due to the sale of salvage volumes and greater-than-expected recovery of pine sawlogs and poles.

Revenue to Forest Management Undertaking was up by 4.75% due to a small increase in stumpage fees retained, and an increase in stand improvement funding. The net income set aside for future silvicultural work is $7,664.

1) Forest Management Plan Algonquin Provincial Park, Algonquin Forestry Authority 1980
2) Statistics Canada

PRODUCT DISTRIBUTION (CUBIC METRES)

Product	Annual Available Harvest 1985-1990	Annual Allocation 1985-1990	Surplus Available	Total Harvest 1988-89	Total 1987-88
Hardwood Veneer Logs	10,732	12,740	—	5,525	7,702
Hardwood Sawlogs	121,144	121,645	—	99,576	103,064
Hemlock Sawlogs	73,883	47,350	26,533	38,842	44,508
*Pine Sawlogs	68,000	68,000	—	88,198	71,667
Spruce and Balsam Sawlogs	12,000	12,000	—	15,611	20,350
Poplar Splint Logs	4,620	4,620	—	4,887	5,553
*Red Pine Poles	6,370	6,370	—	14,338	6,726
Pulpwood, Boltwood and Fuelwood	313,651	155,270	158,381	147,527	165,938
TOTAL	**610,400**	**427,995**	**184,914**	**414,504**	**425,508**

*Includes volumes salvaged from hailstorm area

FINANCIAL POSITION:

The weather again allowed production to continue through to March 31, 1989 which resulted in accounts receivable at similar levels to last year and the term loan exceeded 1987 levels by $50,000.

Net fixed assets increased by $224,814 reflecting capital roads, bridges, and a radio system.

LOGGING OPERATIONS:

The total volume of forest products produced in the year was 414,504 m^3, down slightly from 1987-88. Pine sawlogs and red pine poles were up significantly due to salvage volumes and a greater-than-expected yield from allocated areas. Pulpwood and fuelwood volumes were down by 10,854 m^3 due to lower demand, particularly for poplar.

The safety experience for contractors working in the Park improved again over the previous year. The contractor with the best safety record for the year was Robert Yaskolskie Logging Ltd., with only one lost time accident resulting in three lost time days. Basil Visneskie & Sons Ltd. also had but one lost time accident that resulted in four lost time days. Despite these improvements, workers compensation costs continue to increase significantly.

SALES

Hardwood sawlogs continued to be in demand along with white and red pine. Demand for hemlock was weak, resulting in a reduction of 5600 m^3 over last year. Poor demand for poplar continued with most mills reducing their orders for this species.

Volumes salvaged from the area affected by a severe hailstorm were sold by tendered sale and hardwood pulpwood volumes on inventory at year end were sold as fuelwood.

OPERATIONS PLANNING AND CONTROL

The surveys of areas candidate for harvesting in the 1990-95 period were completed. The data from these surveys is now being compiled and analysed for the Timber Management Plan, and the detailed planning process is underway.

The annual report for the 1987-88 season mapped an area of 14,000 hectares, and reported an average volume recovery of 30.4 m^3 per hectare.

FOREST MANAGEMENT

The organizational changes made during the year included the appointment of Carl Corbett R.P.F. to the position of Chief Forester. Mr. Corbett assumes the overall responsibility for forest management planning and silviculture.

The Timber Management Plan for 1990-95 became a primary focus in June of 1988. This process will include a number of opportunities for public review and comment during the summer of 1989.

The tree marking program completed work on over 14,000 hectares during the year. Mechanical site preparation of areas to be planted in 1989-90 was completed on 150 hectares, cleaning and thinning of pine areas covered 450 hectares, hardwood stand improvement occurred on over 3,000 hectares, and an area of 200 hectares of hardwood polewood was thinned.

A method of conducting free-to-grow surveys using an electronic data collector and a portable computer was tried during the year with encouraging results.

An area of 7,800 hectares of conifer was surveyed for regeneration progress and an encouraging 71% of the area is satisfactorily regenerated, 6% will be monitored for a few more years, and 23% may require some treatment.

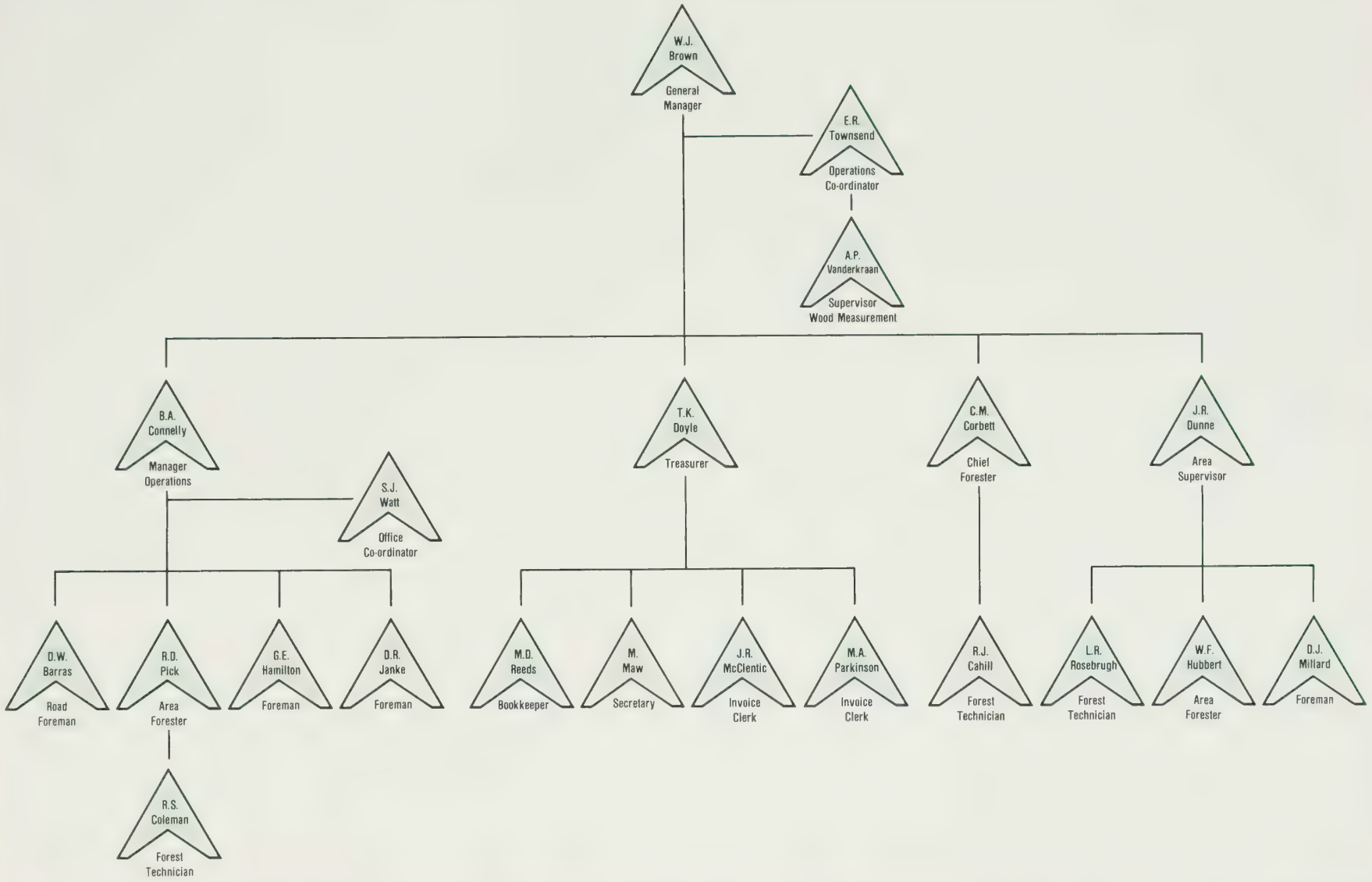


Huntsville



Pembroke

ORGANIZATION CHART



PERSONNEL

The total number of regular staff increased by one, to 22 for the period required to produce the Timber Management Plan for 1990-95. In June of 1988, a staff re-organization took effect. This is outlined on page 7 of this report.

Seasonal staff numbers reached a peak of 30 and silvicultural contractors were engaged for tree marking and stand tending projects. As the year ended, Murray Green, C.A., Secretary-Treasurer of the Authority since 1979 resigned to accept a new position. Murray made valuable contributions to the AFA and will be missed. The new Secretary-Treasurer is Mr. Tim Doyle, C.A.

ROAD CONSTRUCTION & MAINTENANCE

The regular road maintenance program for the 197 kilometers of public access roads was completed and the Lake Traverse Road had granular 'A' applied to 38 kilometres. The entire road has now been resurfaced.

A bridge on the Little Madawaska River was replaced and granular 'A' applied to 10 kilometers of the Shirley Lake Road. Sixteen kilometres of primary road received re-ditching, resurfacing, and drainage improvements. Nine kilometres of secondary road were constructed.

FORECAST

The sawmill sector is expected to experience difficulties during the 1989-90 period but the pulp sector will probably maintain normal levels of activity. Planned volume is down to 414,350 m^3 and even that may be difficult to achieve due to the possibility of reduced sawlog activities. Levels significantly below 400,000 m^3 are possible.

The forest management effort will be maintained and will include the planting of 250,000 trees, the tending of pine regeneration, and the improvement of hardwood stands. A number of landings, gravel pits, and roadside areas will be seeded to grasses and clover to maintain them for wildlife purposes.

PUBLIC RELATIONS

A number of speaking engagements were completed by the General Manager during the year. These included Sir Sandford Fleming College, the University of Toronto, and Lakehead University.

Field tours were conducted for several groups including local high school students, representatives of the Canadian Bar Association, and visitors from as far afield as Zimbabwe and Switzerland.

The film "Algonquin's Forest — Maintaining the Balance" won an award at the Intercom Film Festival in Chicago. It received the Certificate of Merit in the Educational category. This film is now available in the French language.



ALGONQUIN FORESTRY AUTHORITY

BALANCE SHEET AS AT MARCH 31, 1989

Assets

	1989 ($)	1988 ($)
Current Assets		
Cash	**116,137**	—
Accounts receivable	**1,409,409**	1,457,682
Inventory	**244,413**	246,512
Prepaid expenses	**4,332**	2,349
	1,774,291	1,706,543
Fixed (note 3)	**1,192,569**	967,755
Deferred charge	**22,622**	45,243
	2,989,482	2,719,541

Liabilities and surplus

Current Liabilities		
Bank overdraft	—	9,672
Accounts payable and accrued liabilities	**337,588**	409,766
Contractors' performance holdbacks	**110,219**	88,393
Term loan, Province of Ontario	**200,000**	150,000
	647,807	657,831
Surplus	**2,341,675**	2,061,710
	2,989,482	2,719,41

See accompanying schedule and notes to financial statements.

On behalf of the Board:

Director

Director

STATEMENT OF OPERATIONS AND SURPLUS FOR THE YEAR ENDED MARCH 31, 1989

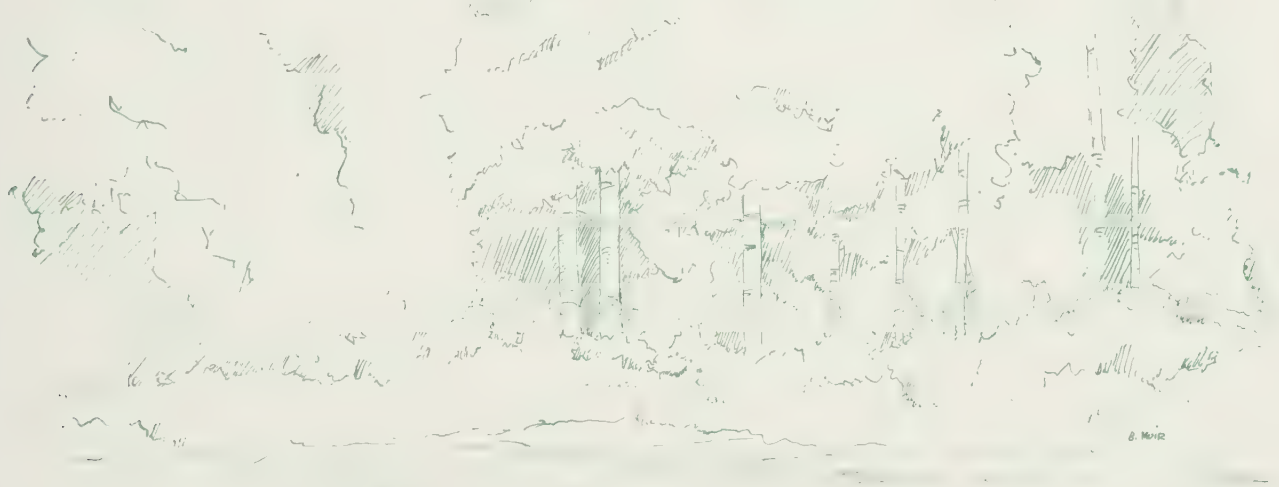
	1989 ($)	1988 ($)
Revenue		
Product sales	**9,771,348**	8,672,850
Standing timber sales	**812,415**	903,805
Other	**50,205**	29,721
	10,633,968	9,606,376
Expenditure		
Logging and distribution costs	**7,726,260**	7,128,297
Crown timber stumpage charges	**1,260,023**	1,253,629
Road maintenance	**83,680**	37,419
Operations planning	**61,235**	63,328
Area charges	**20,502**	13,942
	9,151,700	8,496,615
Operating income	**1,482,268**	1,109,761
Administrative and other		
Salaries and benefits	**642,292**	627,475
Depreciation and amortization	**234,400**	220,336
Bad debt expense	**87,970**	1,353
Office supplies and expenses	**80,165**	71,272
Interest	**58,859**	34,075
Directors' allowances and expenses	**28,311**	35,271
Office rent	**23,610**	21,522
Staff travel and training	**19,655**	21,441
Insurance	**15,931**	11,615
Public relations	**11,636**	14,779
Miscellaneous	**7,138**	6,146
	1,209,967	1,065,285
Net income for the year	**272,301**	44,476
Surplus, beginning of year	**1,491,689**	1,447,213
Balance, end of year	**1,763,990**	1,491,689
Forest Management Undertaking		
Surplus, end of year (Schedule, note 2)	**577,685**	570,021
Surplus, end of year	**2,341,675**	2,061,710

See accompanying schedule and notes to financial statements.

STATEMENT OF CHANGES IN FINANCIAL POSITION FOR THE YEAR ENDED MARCH 31, 1989

	1989 ($)	1988 ($)
Cash provided by (used in) operating activities		
Cash from operations		
Net income for the year:		
Algonquin Forestry Authority	**272,301**	44,476
Forest Management Undertaking	**7,664**	23,654
Add (deduct) charges to operations not requiring a current cash payment:		
Depreciation and amortization	**272,477**	239,929
Gain on sale of fixed assets	**(10,545)**	(8,000)
	541,897	300,059
Net change in non cash working capital balances related to operations	**48,037**	(228,191)
Cash provided by operating activities	**589,934**	71,868
Cash (provided by) used in investing activities		
Proceeds on sale of fixed assets	**(14,530)**	(8,000)
Acquisition of fixed assets	**478,655**	419,002
Cash used in investing activities	**464,125**	411,002
Increase (Decrease) in cash during the year	**125,809**	(339,134)
Cash position, beginning of year	**(9,672)**	329,462
Cash position, end of year	**116,137**	(9,672)

See accompanying schedule and notes to financial statements.



FOREST MANAGEMENT UNDERTAKING FOR THE YEAR ENDED MARCH 31, 1989

SCHEDULE

	1989 ($)	1988 ($)
Revenue		
Forest management revenue (note 2)	**1,163,246**	1,151,603
Stand improvement	**491,798**	407,591
Operating reimbursements	**150,000**	160,000
Other	**65,414**	66,418
	1,870,458	1,785,612
Expenditures		
Wages and benefits	**474,463**	462,763
Sub contractors — tree marking and other	**385,360**	365,483
Equipment rentals	**287,553**	272,788
Paint	**90,747**	78,722
Vehicle costs	**61,887**	51,538
Salt and calcium	**58,731**	54,377
Materials	**44,149**	31,612
Stand improvement	**39,010**	131,104
Board and provisions	**21,935**	18,884
	1,463,835	1,467,271
Operating Income	**406,623**	318,341
Administrative and other		
Salaries and benefits	**291,285**	209,822
Depreciation (note 3)	**38,077**	19,593
Staff travel and relocation	**20,565**	1,560
Staff training	**14,683**	13,388
Office expense	**12,311**	16,907
Insurance	**10,304**	9,065
Office rent	**9,424**	11,461
Consulting	**2,000**	3,416
Public Relations	**310**	9,475
	398,959	294,687
Net income for the year	**7,664**	23,654
Surplus, beginning of year	**570,021**	546,367
Surplus, end of year	**577,685**	570,021

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 1989

1. Significant Accounting Policies

a) Basis of Accounting.
The financial statements have been prepared in accordance with generally accepted accounting principles.

b) Inventory.
Inventory is stated at the lower of cost and net realizable value.

c) Depreciation and amortization of fixed assets.
Depreciation is provided for on a straight-line basis, generally using rates of 10 per cent per annum for furniture, fixtures, technical equipment, bridges and leasehold improvements, 20 per cent per annum for data processing equipment and 33 1/3 per cent per annum for automotive equipment. The cost of capital roads is amortized over the estimated number of operating seasons for which the roads are to be used, with a maximum amortization period of ten years. Forest Management Undertaking (FMU) assets are depreciated and amortized at the same rates as the assets mentioned above.

d) Deferred charge.
Certain costs incurred in the development of a comprehensive forest management plan applicable to the period April 1, 1980 to March 31, 1990 were deferred and are being amortized on a straight line basis over 10 years.

2. Forest Management Undertaking

Effective April 1, 1983, the Authority undertook certain forest and land management activities formerly carried out by the Ministry of Natural Resources. Funding to conduct these activities is derived from operating reimbursements from the Ministry and from the retention of approximately 92 per cent of the stumpage fees (identified as forest management revenue) normally remitted to the Ministry. These obligations are covered by an agreement with the Ministry which expires March 31, 2000.

3. Fixed Assets

Fixed assets in service are stated at cost and consist of:

	1989 ($)		1988 ($)	
	Cost	**Accumulated Depreciation and Amortization**	Cost	Accumulated Depreciation and Amortization
Furniture and fixtures	**61,445**	**31,867**	53,864	34,555
Data processing	**86,276**	**63,305**	83,637	49,345
Technical equipment	**121,247**	**23,402**	58,453	17,093
Automotive equipment	**164,430**	**118,406**	164,959	119,302
Bridges	**14,137**	**14,137**	14,137	14,137
Capital roads	**1,586,620**	**803,756**	1,365,860	649,406
Leasehold improvements	**25,951**	**2,592**	25,951	—
FMU assets	**237,739**	**47,811**	95,705	10,973
FMU assets funded by grants	**169,942**	**—**	194,394	—
	2,467,787	**1,105,276**	2,056,960	894,811
FMU capital grants	**(169,942)**		(194,394)	
	2,297,845		1,862,566	
	(1,105,276)		(894,811)	
	1,192,569		967,755	

Some of the Authority's fixed assets are used to carry out activities of the (FMU). As a result, depreciation on these and FMU assets of $38,077 (1988 - $19,593) has been charged to FMU operations. No depreciation is taken on FMU assets which were funded by capital grants.

4. Pension Plan

The Authority provides pension benefits for permanent employees through participation in the Public Service Superannuation Fund and the Superannuation Adjustment Fund of the Province of Ontario. The Authority's share of contributions to these funds during the year was $54,363 (1988 - $49,137). This contribution is included in salaries and benefits in the Statement of Operations and Surplus.

5. Remuneration of Appointees

Total remuneration of the board members of the Authority was $10,160 during the 1989 fiscal year. (1988 - $14,045).

6. Comparative Figures

Certain comparative figures have been reclassified to conform with the 1989 presentation.

Office of the Provincial Auditor

Box 105, 15th Floor
20 Dundas St. West
Toronto, Ontario
M5G 2C2
416-974-9866

To the Members,
Algonquin Forestry Authority,
and to the
Minister of Natural Resources.

I have examined the balance sheet of the Algonquin Forestry Authority as at March 31, 1989 and the statements of operations and surplus and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Authority as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

D.F. Archer

Toronto, Ontario,
June 23, 1989.

D.F. Archer, F.C.A.,
Provincial Auditor

4. Régime de retraite

L'Agence contribue à un régime de retraite pour ses employés permanents en participant à la Caisse de retraite des fonctionnaires et au Fonds d'indexation des pensions de retraite de la province de l'Ontario. Au cours de l'exercice, la contribution de l'Agence s'est élevée à 54 363 $ (49 137 $ en 1988). Cette contribution est calculée dans le poste se rapportant aux salaires et avantages de l'état consolidé des résultats d'exploitation.

5. Rémunération des administrateurs

La rémunération totale des membres du conseil d'administration de l'Agence s'est élevée à 10 160 $ pendant l'année financière 1989 (14 045 $ en 1988.)

6. Comparaison des données

Certaines données ont été placées dans une catégorie différente afin de correspondre à la nouvelle présentation des états financiers de 1989.

Bureau du vérificateur de la province

Box 105, 15th Floor
20 Dundas St. West
Toronto, Ontario
M5G 2C2
416-974-9866

Aux membres du conseil d'administration
de l'Agence de foresterie du parc Algonquin
et au ministre des Richesses naturelles.

J'ai examiné le bilan consolidé de l'Agence de foresterie du parc Algonquin au 31 mars 1989 ainsi que l'état consolidé des résultats d'exploitation, l'état des recettes non réparties et l'état de l'évolution de la situation financière se terminant à cette même date. Ma vérification a été effectuée conformément aux normes de vérification généralement reconnues et a comporté, par conséquent, les sondages et autres procédés que j'ai jugés nécessaires dans les circonstances.

À mon avis, ces états financiers reflètent fidèlement la situation financière de l'Agence au 31 mars 1989 ainsi que les résultats de ses opérations et de l'évolution de sa situation financière pour l'exercice terminé à cette date selon les principes comptables généralement reconnus et ayant été appliqués de la même manière qu'au cours de l'exercice précédent.

Toronto (Ontario)
le 23 juin 1989.

Le vérificateur de la province,
D.F. Archer, F.C.A.,

Notes afférentes aux états financiers 31 mars 1989

1. Pratiques comptables notables

a) Méthodes comptables
Les états financiers sont préparés selon les méthodes comptables généralement acceptées.

b) Stocks
La valeur des stocks est calculée selon la méthode de la valeur minimale et la valeur de réalisation nette.

c) Dépréciation et amortissement des immobilisations
Le dépréciation est calculée selon la méthode d'amortissement linéaire, et représente généralement un taux de 10 pour 100 par année pour le mobilier, les appareils, l'équipement technique, les immeubles et les structures; 20 pour 100 par année pour l'équipement informatique et 33 1/3 pour 100 par année pour les véhicules automobiles. Le coût de construction des routes est amorti sur le nombre prévu de saisons d'exploitation pendant lesquelles les routes seront utilisées, jusqu'à concurrence d'une période d'amortissement de 10 ans. La dépréciation et l'amortissement de l'actif immobilisé se rapportant aux activités de gestion forestière (AGF) sont calculés au même taux que ceux mentionnés ci-dessus.

d) Frais reportés
Certains frais encourus relativement à l'élaboration d'un plan d'ensemble de gestion forestière au cours de la période du 1er avril 1980 au 31 mars 1990 ont été étalés et sont amortis selon la méthode d'amortissement linéaire sur une période de 10 ans.

2. Activités de gestion forestière
Depuis le 1er avril 1983, l'Agence réalise un certain nombre d'activités de gestion forestière et d'aménagement du territoire qui étaient assumées auparavant par le ministère des Richesses naturelles. Le financement de ces activités provient du remboursement des frais d'exploitation accordé par le ministère et par la conservation d'environ 92 pour 100 des droits de coupe (identifiés comme recettes de la gestion forestière) normalement versés au ministère. Ces modalités ont fait l'objet d'une entente avec le ministère dont la date d'échéance est le 31 mars 2000.

3. Immobilisations — L'actif immobilisé est indiqué au prix coûtant et comporte les éléments suivants:

	1989 ($)		1988 ($)	
	Prix coûtant	**Amortissement**	Prix coûtant	Amortissement
Mobilier et appareils	**61 445**	**31 867**	53 864	34 555
Équipement informatique	**86 276**	**63 305**	83 637	49 345
Équipement technique	**121 247**	**23 402**	58 453	17 093
Véhicules automobiles	**164 430**	**118 406**	164 959	119 302
Ponts	**14 137**	**14 137**	14 137	14 137
Routes	**1 586 620**	**803 756**	1 365 860	649 406
Améliorations locatives	**25 951**	**2 592**	25 951	—
Immobilisations des AGF	**237 739**	**47 811**	95 705	10 973
Immobilisations des AGF financées par des subventions	**169 942**	**—**	194 394	—
	2 467 787	**1 105 276**	2 056 960	894 811
Subventions d'immobilisations des AGF	**(169 942)**		(194 394)	
	2 297 845		1 862 566	
	(1 105 276)		(894 811)	
	1 192 569		967 755	

Certaines immobilisations de l'Agence servent à la réalisation des AGF. Ainsi, la dépréciation de ces immobilisations et de celles des AGF s'élevant à 38 077$ (19 593$ en 1988) a été comptabilisée par rapport à l'exploitation des AGF. Aucune dépréciation n'est calculée sur les immobilisations des AGF qui ont été financées par des subventions d'immobilisations.

Activités de gestion forestière pendant l'exercice se terminant au 31 mars 1989

ANNEXE

	1989 ($)	1988 ($)
Recettes		
Recettes de la gestion forestière (voir note 2)	**1 163 246**	1 151 603
Amélioration des peuplements	**491 798**	407 591
Remboursement de frais d'exploitation	**150 000**	160 000
Autres	**65 414**	66 418
	1 870 458	1 785 612
Dépenses		
Salaires et avantages sociaux	**474 463**	462 763
Sous-traitants - marquage des arbres et autres	**385 360**	365 483
Location de matériel	**287 553**	272 788
Peinture	**90 747**	78 722
Frais de véhicules	**61 887**	51 538
Sel et calcium	**58 731**	54 377
Matériaux	**44 149**	31 612
Amélioration des peuplements	**39 010**	131 104
Conseil d'administration et réserve	**21 935**	18 884
	1 463 835	1 463 271
Recettes d'exploitation	**406 623**	318 341
Administration et autres		
Salaires et avantages sociaux	**291 285**	209 822
Dépréciation (voir note 3)	**38 077**	19 593
Frais de déplacement du personnel	**20 565**	1 560
Formation du personnel	**14 683**	13 388
Frais de bureau	**12 311**	16 907
Assurances	**10 304**	9 065
Loyer	**9 424**	11 461
Frais de consultation	**2 000**	3 416
Relations publiques	**310**	9 475
	398 959	294 687
Bénéfices nets de l'exercice	**7 664**	23 654
Excédent au début de l'exercice	**570 021**	546 367
Excédent à la fin de l'exercice	**577 685**	570 021

Voir l'annexe et les notes afférentes aux états financiers.

État de l'évolution de la situation financière pour l'exercice se terminant au 31 mars 1989

	1989 ($)	1988 ($)
Encaissements (et décaissements) relatifs à l'exploitation		
Encaissements provenant de l'exploitation		
Bénéfices nets de l'exercice		
Agence de foresterie du parc Algonquin	**272 301**	44 476
Activités de gestion forestière	**7 664**	23 654
Plus (moins) les frais d'exploitation n'exigeant pas un paiement en espèces pendant l'exercice		
- dépréciation et amortissement	**272 477**	239 929
- profits sur les ventes ou les immobilisations	**(10 545)**	(8 000)
	541 897	300 059
Évolution nette du solde du fonds de roulement hors caisse relatif à l'exploitation	**48 037**	(228 191)
Encaissements provenant de l'exploitation	**589 934**	71 868
Décaissements et (encaissements) relatifs aux investissements		
Produit de la vente d'immobilisations	**(14 530)**	(8 000)
Acquisition d'immobilisations	**478 655**	419 002
Décaissements relatifs aux investissements	**464 125**	411 002
Augmentation (diminution) de l'encaisse pendant l'exercice	**125 809**	(339 134)
Situation de trésorerie au début de l'exercice	**(9 672)**	329 462
Situation de trésorerie à la fin de l'exercice	**116 137**	(9 672)

Voir l'annexe et les notes afférentes aux états financiers.

État des résultats d'exploitation et de l'excédent pour l'exercice se terminant au 31 mars 1989

	1989 ($)	1988 ($)
Recettes		
Vente de produits	**9 771 348**	8 672 850
Vente de matériel sur pied	**812 415**	903 805
Auters	**50 205**	29 721
	10 633 968	9 606 376
Dépenses		
Frais de coupe et de distribution	**7 726 260**	7 128 297
Droits de coupe du bois de la Couronne	**1 260 023**	1 253 629
Entretien des routes	**83 680**	37 419
Planification de l'exploitation	**61 235**	63 328
Frais régionaux	**20 502**	13 942
	9 151 700	8 496 615
Recettes d'exploitation	**1 482 268**	1 109 761
Frais administratifs, frais généraux et autres		
Salaires et avantages sociaux	**642 292**	627 475
Dépréciation et amortissement	**234 400**	220 336
Perte sur créances	**87 970**	1 353
Fournitures et frais de bureau	**80 165**	71 272
Intérêts débiteurs	**58 859**	34 075
Indemnités et frais des administrateurs	**28 311**	35 271
Loyer	**23 610**	21 522
Frais de déplacement et de formation du personnel	**19 655**	21 441
Assurances	**15 931**	11 615
Relations publiques	**11 636**	14 779
Divers	**7 138**	6 14
	1 209 967	1 065 285
Bénéfices nets de l'exercice	**272 301**	44 476
Excédent au début de l'excercice	**1 491 689**	1 447 213
Solde à la fin de l'exercice	**1 763 990**	1 491 689
Activités de gestion forestière		
Excédent à la fin de l'exercice (voir note 2)	**577 685**	570 021
Excédent à la fin de l'exercice	**2 341 675**	2 061 710

Voir l'annexe et les notes afférentes aux états financiers.

AGENCE DE FORESTERIE DU PARC ALGONQUIN

Bilan de l'exercice se terminant au 31 mars 1989

Actif

	1989 ($)	1988 ($)
Actif à court terme		
Encaisse	**116 137**	—
Comptes-clients	**1 409 409**	1 457 682
Stocks	**244 413**	246 512
Frais payés à l'avance	**4 332**	2 349
	1 774 291	1 706 543
Immobilisations (voir note 3)	**1 192 569**	967 755
Frais reportés	**22 622**	45 243
	2 989 482	2 719 541

Passif et excédent

Passif à court terme		
Découvert bancaire	—	9 672
Comptes-fournisseurs et charges à payer	**337 588**	409 766
Retenues de garantie des entrepreneurs	**110 219**	88 393
Emprunt à terme, Province de l'Ontario	**200 000**	150 000
	647 807	657 831
Excédent	**2 341 675**	2 061 710
	2 989 482	2 719 541

Voir l'annexe et les notes afférentes aux états financiers.

Au nom du conseil d'adminstration :

Administrateur

Administrateur

PERSONNEL

Le nombre d'employés permanents s'est accru d'une personne pour s'élever à 22 pendant la période de préparation du plan de gestion forestière 1990-1995.

La réorganisation du personnel est entrée en vigueur en juin 1988. Celle-ci est expliquée de façon détaillée ci-dessus.

Le nombre d'employés saisonniers s'est élevé a 30 personnes et des entrepreneurs en sylviculture ont été embauchés pour réaliser des projets de marquage d'arbres et de soins culturaux.

À la fin de l'année, M. Murray Green, C.A., secrétaire-trésorier de l'Agence depuis 1979, a remis sa démission pour accepter un autre emploi. M. Green a apporté une contribution très valable à l'Agence et son absence sera sentie.

Le nouveau secrétaire-trésorier est M. Tim Doyle, C.A.

ENTRETIEN ET CONSTRUCTION DE ROUTES

Le programme régulier d'entretien des routes a été complété sur les 197 km de routes publiques et du gravier de catégorie «A» a été épandu sur une distance de 38 km sur le chemin Lake Traverse. Cette route possède maintenant une nouvelle surface sur toute sa distance.

Un pont sur la rivière Little Madawaska a été remplacé et du gravier de catégorie «A» a été épandu sur une distance de 10 km sur le chemin Shirley Lake. Des travaux ont été effectués sur 16 km de routes primaires afin de recreuser les fossés, de procéder à la réfection du revêtement et d'améliorer l'irrigation. Neuf kilomètres de routes secondaires ont été construites.

PRÉVISIONS

On prévoit que le secteur du bois de sciage éprouvera des difficultés au cours de 1989-1990, tandis que le secteur du bois de pâte maintiendra probablement son niveau d'activité. Le cubage prévu diminuera à 414 350 m^3, ce qui sera même peut-être difficile à réaliser en raison de la réduction possible des activités du secteur du bois de sciage. Il n'est donc pas impossible que la production soit nettement inférieure à 400 000 m^3.

Le programme de gestion forestière se poursuivra et donnera lieu à la plantation de 250 000 arbres, la réalisation de soins culturaux des peuplements de pins en régénération et l'amélioration des peuplements de feuillus. Un certain nombre de dépôts transitoires, de carrières de gravier et de terrains longeant les routes seront ensemencés d'herbe et de trèfle dans le but d'améliorer l'habitat faunique.

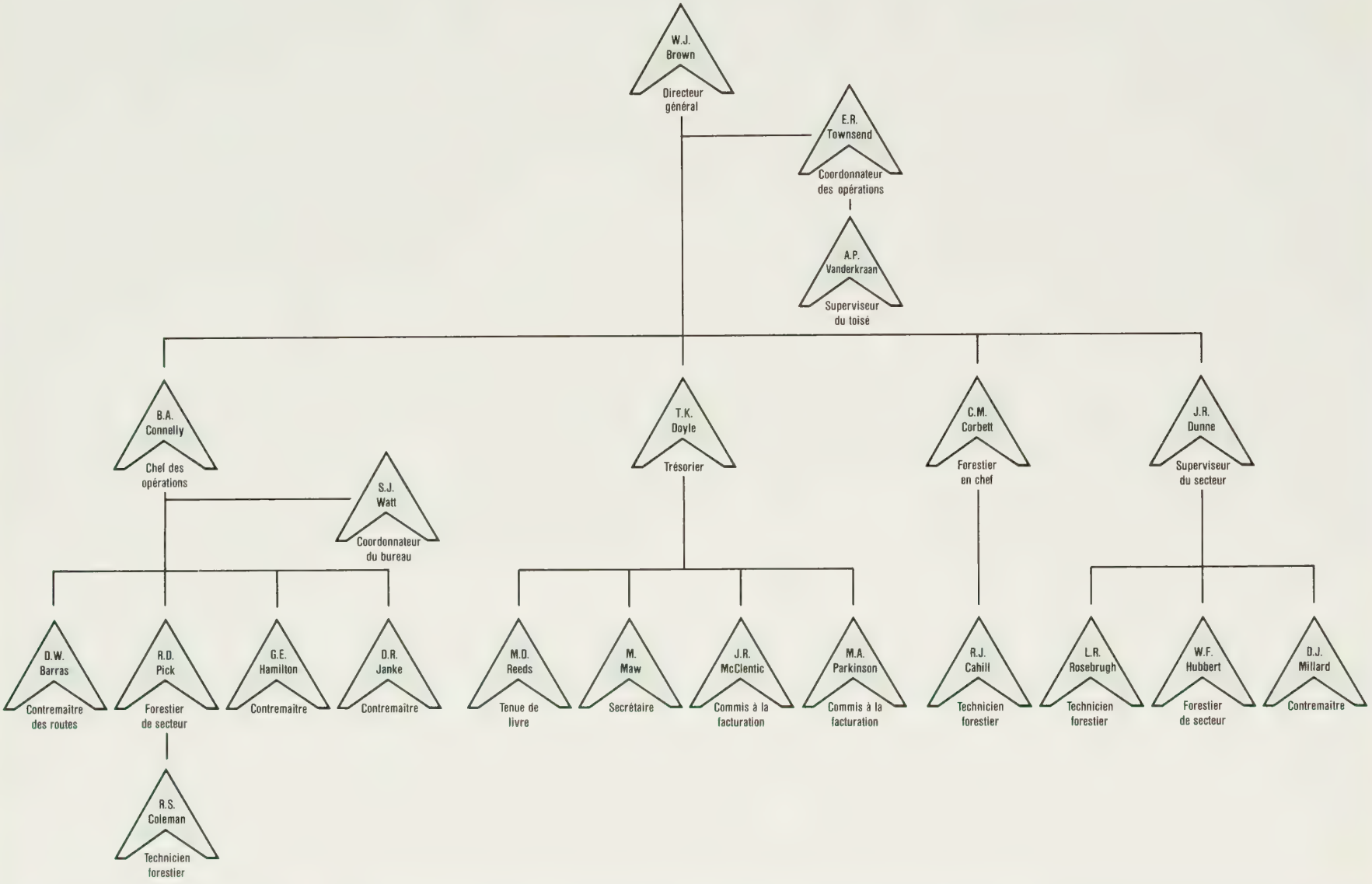
RELATIONS PUBLIQUES

Le directeur général a prononcé un certain nombre de discours au cours de l'année, dont un au collège Sir Sandford Fleming, un autre à l'Université de Toronto et à l'Université Lakehead.

Des visites guidées ont été organisées pour plusieurs groupes, dont des élèves des écoles secondaires, des représentants de l'Association du barreau canadien, de même que des visiteurs du Zimbabwe et de Suisse.

Le film intitulé «Algonquin's Forest - Maintaining the Balance» a remporté un prix lors du «Intercom Film Festival» de Chicago. Un certificat de mérite lui a été décerné dans la catégorie des films d'éducation. Le film est maintenant disponible en français.

ORGANIGRAMME



VENTES

La demande s'est maintenue pour les billes de sciage de feuillus, de même que celles de pin blanc et rouge. La demande pour la pruche a été relativement faible, ce qui a entraîné une réduction de 5 600 m^3, par rapport à l'année dernière. La demande pour le peuplier est demeuré faible puisque la plupart des scieries réduisent leurs commandes de cette essence.

La récolte résultant de la coupe de récupération effectuée dans le secteur touché par l'averse de grêle a été vendue par l'entremise de soumissions, tandis que le reste des stocks de bois de feuillus et de bois de pâte a été vendu comme bois de chauffage à la fin de l'année.

EXPLOITATION, PLANIFICATION ET CONTRÔLE

Les sondages forestiers pour la période 1990-1995 ont été complétés. Les données provenant de ces sondages sont présentement compilées et analysées en vue de la préparation du plan de gestion forestière. Le processus de planification détaillée est maintenant en cours.

Le rapport annuel se rapportant à la récolte indique que celle-ci a été effectuée sur une superficie de 14 000 ha au cours de l'exercice 1987-1988. La récolte a produit un cubage moyen de 30,4 m^3, par hectare.

Après avoir été étudié et modifié, le plan de travail annuel a été approuvé par le ministère des Richesses naturelles.

GESTION FORESTIÈRE

Les changements organisationnels effectués au cours de l'année comprennent la nomination de M. Carl Corbett, R.P.F., au poste de forestier en chef. M. Corbett assumme la responsabilité de la planification de la gestion forestière et des travaux sylvicoles.

Depuis juin 1988, le plan de gestion forestière de la période 1990-1995 reçoit une attention importante. Le processus de préparation du plan fournira au public, au cours de l'été 1989, plusieurs occasions de l'étudier et de le commenter.

Le programme de marquage d'arbres a été réalisé sur une superficie de 14 000 ha au cours de l'année. La préparation mécanique de sites de plantation pour l'année 1989-1990 a été effectuée sur une superficie de 150 ha, des travaux de dégagement et d'éclaircie des peuplements de pins ont été réalisés sur 450 ha, on a procédé à l'amélioration des peuplements de feuillus tolérants sur 3 000 ha et les peuplements de feuillus adultes ont été éclaircis sur une superficie de 200 ha.

Au cours de l'année, on a fait l'essai d'une méthode de sondage des secteurs en croissance libre en utilisant un appareil électronique de cueillette des données et un ordinateur portatif. Cet essai a donné des résultats encourageants.

Des sondages ont été réalisés sur une superficie de 7 800 ha dans le but d'évaluer la progression de la régénération des peuplements de conifères. Ce travail a permis de déterminer que 71 pour 100 du territoire est adéquatement régénéré, que 6 pour 100 du territoire devra faire l'objet de sondages pendant encore quelques années et que le traitement sera peut-être nécessaire sur 23 pour 100 du territoire.



Huntsville



Pembroke

RÉPARTITION DES PRODUITS (MÈTRES CUBES)

Produits	Récolte annuelle potentielle 1985-1990	Allocation annuelle 1985-1990	Surplus disponible	Récolte Totale 1988-89	Total 1987-88
Billes de placage de feuillus	10 732	12 740	—	5 525	7 702
Billes de sciage de feuillus	121 144	121 645	—	99 576	103 064
Billes de sciage de pruche	73 883	47 350	26 533	38 842	44 508
*Billes de sciage de pin	68 000	68 000	—	88 198	71 667
Billes de sciage d'épinette et de sapin baumier	12 000	12 000	—	15 611	20 350
Billes d'éclisses de peuplier	4 620	4 620	—	4 887	5 553
*Poteau de pin rouge	6 370	6 370	—	14 338	6 726
Bois de pâte, bois d'éclisses et bois de chauffage	313 651	155 270	158 381	147 527	165 938
TOTAL	**610 400**	**427 995**	**184 914**	**414 504**	**425 508**

*Comprend les volumes de récupération de la région où il ya eu une tempête de grêle

SITUATION FINANCIÈRE

Encore une fois cette année, le climat favorable a permis de poursuivre la production jusqu'au 31 mars 1989. Cette situation a contribué au maintien du niveau des comptes-clients et une augmentation de 50 000 $ des emprunts à terme par rapport à l'année 1987.

Les immobilisations se sont accrues de 224 814 $, ce qui reflète la construction de nouvelles routes et de ponts, de même que l'installation d'un nouveau système de communication radiophonique.

EXPLOITATION FORESTIÈRE

Le cubage total de produits forestiers livrés au cours de l'exercice s'est élevé à 414 504 m^3, ce qui représente une légère diminution par rapport à l'exercice 1987-1988. La production de billes de sciage de pin et de poteaux de pin rouge a augmenté de façon importante en raison de la coupe de récupération et d'une récolte supérieure à celle qui avait été prévue. Le cubage de bois de pâte et de bois de chauffage a diminué de 10 854 m^3, en raison de la réduction de la demande, surtout dans le cas du peuplier.

La sécurité au travail des entrepreneurs travaillant dans le parc s'est encore améliorée cette année. L'entrepreneur qui a connu la meilleure année du point de vue de la sécurité a été la compagnie Robert Yaskolskie Logging Ltd. qui n'a connu qu'un seul accident entraînant une perte de trois jours de travail. La compagnie Basil Visneskie & Sons Ltd. n'a signalé qu'un seul accident résultant en une perte de quatre jours de travail. Toutefois, malgré ces améliorations, le coût des prestations d'accidents du travail continue d'augmenter de façon significative.

INTRODUCTION

L'exploitation forestière a commencé vers 1840 sur le territoire qui allait devenir plus tard celui du parc Algonquin. Depuis la création du parc, en 1893, l'exploitation forestière a continué d'être un des nombreux aspects de l'utilisation du parc jusqu'à nos jours.

Le gouvernement de l'Ontario a créé l'Agence de foresterie du parc Algonquin le 4 janvier 1975, dans le but de répondre aux préoccupations du public quant aux meilleurs moyens possibles d'assurer une utilisation multiple du parc provincial Algonquin.

L'Agence conduit ses activités conformément au plan directeur du parc provincial Algonquin et au plan de gestion forestière du parc provincial Algonquin, tout en appliquant avec succès les principes de la gestion intégrée des ressources. L'intérêt du public à l'égard de la qualité du parc comme lieu de loisirs doit être réconcilié avec la nécessité d'assurer un approvisionnement adéquat aux usines de conversion du bois qui dépendent du bois que l'on trouve dans le parc (1).

Les industries forestières qui s'approvisionnent dans le parc Algonquin comprennent dix scieries, trois usines de placage, une usine de fabrication de poteaux, une usine de pâte et une usine de fabrication d'éclisses d'alumettes. Ces industries dépendent toutes, entièrement ou partiellement, de cette source vitale de matières premières. L'exploitation forestière du parc Algonquin et les activités manufacturières qui en découlent ont apporté une contribution directe de 56,5 millions de dollars à l'économie de l'Ontario, selon la valeur ajoutée calculée en 1985 (2).

BUT ET OBJECTIFS

Le but de la gestion forestière dans le parc Algonquin est le suivant:

> Assurer un approvisionnement continu de produits forestiers à l'industrie forestière de la région, tout en veillant à ce que cette activité soit harmonisée avec les autres utilisations.

Afin d'atteindre ce but, les objectifs suivants ont été établis:

1. Gérer et améliorer la qualité de la forêt de façon à répondre aux besoins à long terme de l'industrie locale.
2. Assurer une utilisation efficace de la variété de produits provenant de la forêt.
3. Maintenir un couvert forestier qui favorisera la régénération et l'apparence de la forêt, de même que la préservation des diverses essences de végétation.
4. Préserver et protéger l'utilisation de la forêt aux fins de loisirs, l'habitat des poissons et de la faune, ainsi que les ressources terrestres et aquatiques.

STRATÉGIES

L'Agence atteint les deux premiers objectifs par le biais d'ententes avec des exploitants forestiers et les propriétaires d'usines de conversion du bois dans le but d'assurer la production et la livraison de produits forestiers aux 16 usines qui dépendent de cette source d'approvisionnement. L'intégration des activités d'exploitation forestière assure la production de produits forestiers diversifiés. Des méthodes dynamiques de commercialisation sont utilisées pour disposer des surplus de produits de qualité inférieure.

Les deux autres objectifs sont atteints grâce à une planification minutieuse et à une mise en oeuvre contrôlée conformément aux normes établies. Les méthodes sylvicoles prescrites prévoient divers degrés de coupe partielle dans le principal groupe forestier. Les peuplements résiduels fourniront d'autres récoltes et assurent la production de semences favorisant la régénération naturelle. Les effets de l'exploitation forestière sont atténués grâce à l'aménagement de zones tampons sur les rives des lacs et des cours d'eau et dans d'autres secteurs plus vulnérables. Les routes sont aménagées et construites de façon à faciliter la remise en valeur naturelle ou artificielle des sentiers et des ruisseaux qu'elles traversent.

RÉSULTATS D'EXPLOITATION

Les ventes de produits se sont accrues de 12,7 pour 100, pour atteindre 9 771 348 $, tandis que les ventes de matériel sur pied ont diminué de 10,1 pour 100 pour s'élever à 812 415 $, ce qui représente une légère réduction du cubage (2,5 pour 100) par rapport à l'exercice 1987-1988.

Les revenus d'intérêt et de la vente d'actifs ont fait augmenté les autres revenus qui ont atteint 50 205 $.

Les bénéfices nets de l'Agence se sont élevés à 272 302 $, une hausse par rapport à l'exercice précédent, en raison de la vente du bois provenant de la coupe de récupération et d'une quantité plus élevée que prévue de billes de sciage et de poteaux.

Les revenus provenant des activités de gestion forestière se rapportant directement à l'exploitation forestière ont connu une hausse de 4,75 pour 100, en raison d'une légère augmentation des droits de coupe conservés et d'une hausse de l'aide financière servant à l'amélioration des peuplements. Un montant de 7 664 $ provenant des bénéfices nets a été réservé pour les activités sylvicoles.

CONSEIL D'ADMINISTRATION

Président:
P.I. Roche, Whitney

Vice-Président:
J.J. Hickey, Chalk River

Membres:
John Flavelle, Pembroke
Michael Galligan, Almonte
John Macfie, Parry Sound
Anne Mundy, Huntsville
Geoffrey C. Post, Barry's Bay
Mary Louise Rainville, Mattawa
Patricia Stamp, Callander
Phyllis Wall, North Bay

DIRECTION

Directeur général, W.J. Brown, R.P.F.
Secrétaire-trésorier, Tim Doyle, C.A.

BUREAU

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Conseil d'administration 1988-1989

AVANT-PROPOS DU PRÉSIDENT

Au cours de l'année, le conseil d'administration a été très heureux d'avoir eu l'occasion de démontrer les pratiques de foresterie dans le parc Algonquin à plusieurs personnes et groupes importants.

En juin, l'honorable Vincent Kerrio, ancien ministre des Richesses naturelles, a rencontré les membres du conseil d'administration de l'Agence et a également survolé le secteur pour avoir un aperçu des activités forestières. En août, les membres du Conseil des parcs provinciaux ont eu des discussions avec le président et le directeur général et ont eu aussi la possibilité de survoler et de visiter des sites d'activités forestières. En novembre, MM. Michael Jeffrey et Elie Martel, de même que Mme Anne Koven, de la Commission des évaluations environnementales, ont visité le parc Algonquin. Le conseil d'administration était accompagné de représentants de plusieurs groupes concernés lors des audiences sur la gestion forestière qui ont eu lieu à Thunder Bay.

On a maintenu le niveau élevé d'amélioration des forêts établi l'année dernière. Des secteurs ont été préparés pour la plantation de 250 000 semis au cours de la saison 1989-1990, 400 ha ont été nettoyés manuellement afin d'y assurer la régénération du pin et 3 400 ha de feuillus tolérants ont été nettoyés et éclaircis. Le programme de marquage des arbres s'est poursuivi sur 14 000 ha en vue de déterminer les arbres destinés à la récolte et les arbres résiduels.

En 1987, une averse de grêle d'une intensité inhabituelle a touché un secteur d'une superficie de 400 ha dans le canton Master. À notre grande surprise, les dommages causés aux pins étaient tels que le dépérissement terminal et même la mort de certains arbres étaient évidents dès l'été 1988. Une coupe de récupération a été entreprise pour sauver le plus de bois possible avant que les insectes et les champignons ne l'endommage davantage.

En mai, le directeur général a fait une présentation devant la Commission des accidents du travail à l'occasion de l'enquête sur l'industrie forestière. Cette présentation identifiait certains problèmes particuliers auxquels l'industrie fait face dans la région et suggérait des changements dans le but de les résoudre.

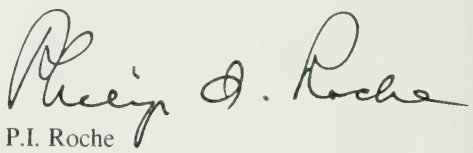
Le processus de planification de la gestion forestière pour la période 1990-1995 a commencé en juin 1988. Cette planification étendue exigera deux années de travail avant d'être terminée et, au cours de l'année 1989, les parties intéressées auront quelques occasions d'étudier et de commenter les plans proposés.

Le conseil d'administration s'est réuni six fois au cours de l'année, à Huntsville, à l'Institut forestier national de Petawawa, à North Bay, Pembroke (à deux reprises) et Toronto. M. Owen Smith a démissionné du conseil d'administration au cours de l'année parce que son emploi permanent exigeait trop de son temps et en raison d'autres engagements. Le conseil désire le remercier pour sa participation et l'intérêt qu'il a manifesté à l'endroit de l'Agence de foresterie du parc Algonquin.

Vers la fin de la saison 1988-1989, les difficultés dans le secteur des scieries devenaient évidentes et la menace d'une récession en 1989-1990 était réelle. Nous prévoyons que 1989-1990 sera une année dificile pour l'industrie.

Lorsque le processus de planification de la gestion forestière sera plus avancé, c'est-à-dire vers le mois d'août 1989, l'étude du plan directeur du parc Algonquin sera entreprise. La prochaine année, qui marquera le début de la décennie des années 1990, sera donc très active et remplie de défis.

Le président du conseil d'administration,



P.I. Roche

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Ministère des
Richesses
naturelles

Ontario

À L'ATTENTION DE SON HONNEUR
le lieutenant-gouverneur de la
province de l'Ontario

VOTRE HONNEUR,

J'ai le plaisir de vous soumettre le rapport annuel de l'Agence de foresterie du parc Algonquin pour l'année financière allant du 1er avril 1988 au 31 mars 1989.

La ministre,

LYN McLEOD

Agence de
foresterie du
parc Algonquin

L'honorable Lyn McLeod
Ministre des Richesses naturelles

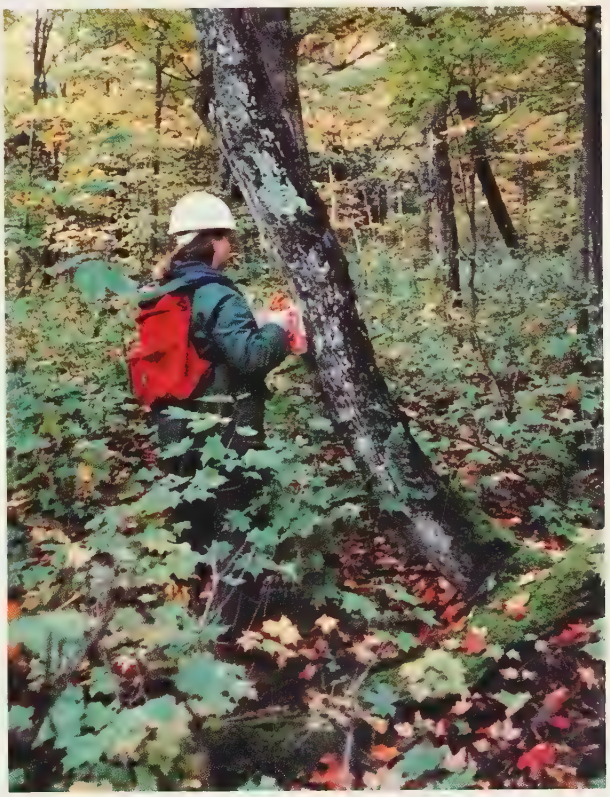
Madame La Ministre,

J'ai l'honneur de vous soumettre le rapport annuel de l'Agence de foresterie du parc Algonquin pour l'année financière allant du 1er avril 1988 au 31 mars 1989.

Le président du conseil d'administration,

P.I. Roche

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Agence De Foresterie Du Parc Algonquin

Quatorzième rapport annuel 1988 - 1989

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